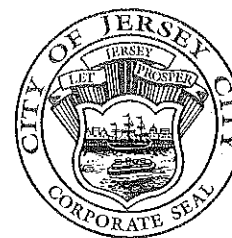


City Clerk File No. Ord. 15.075

Agenda No. 3.A 1st Reading

Agenda No. _____ 2nd Reading & Final Passage



ORDINANCE OF JERSEY CITY, N.J.

COUNCIL AS A WHOLE

offered and moved adoption of the following ordinance:

CITY ORDINANCE **15.075**
**TITLE: AN ORDINANCE AUTHORIZING THE TRANSFER OF CITY-OWNED
PROPERTY WITHIN THE GRAND JERSEY REDEVELOPMENT AREA
TO THE JERSEY CITY REDEVELOPMENT AGENCY**

WHEREAS, the City of Jersey City is the owner of certain parcels of real property known and designated as:

<u>BLOCK</u>	<u>LOT</u>	<u>STREET ADDRESS</u>
15801	3	52 Aetna Street
15801	4	Skinner Memorial Drive

situated in the City of Jersey City, Hudson County, New Jersey; and as more particularly shown on the Official Assessment Map and referenced in the designation assigned to individual tax lot in the records of the Tax Assessor (hereinafter "Property"); and

WHEREAS, the Municipal Council of the City of Jersey City has declared, that the Property contained within the Grand Jersey Redevelopment Area is an area deemed "in need of redevelopment" pursuant to N.J.S.A. 40A:55-12 et. seq.; and

WHEREAS, the Municipal Council adopted, by Ordinance No. 93-029 at its meeting of March 24, 1993, the Grand Jersey Redevelopment Plan; and

WHEREAS, the Property lies within the legally established boundaries of the Grand Jersey Redevelopment Plan Area; and

WHEREAS, it has been determined that the Property is not needed for any municipal public purpose or use; and

WHEREAS, the Jersey City Redevelopment Agency has the responsibility of acquiring property within the Grand Jersey Redevelopment Area to effectuate the redevelopment and revitalization of the Grand Jersey Redevelopment Area; and

WHEREAS, the Jersey City Redevelopment Agency has deemed it necessary to acquire the Property from the City of Jersey City to accomplish the objectives of the Grand Jersey Redevelopment Plan; and

WHEREAS, the City of Jersey City may transfer the Property to the Jersey City Redevelopment Agency pursuant to N.J.S.A. 40A:12A-39(a) & (f).

NOW, THEREFORE, BE IT ORDAINED by the Municipal Council of the City of Jersey City that:

1. Pursuant to N.J.S.A. 40A:12A-39(a) & (f) the transfer of Property known as

<u>BLOCK</u>	<u>LOT</u>	<u>STREET ADDRESS</u>
15801	3	52 Aetna Street
15801	4	Skinner Memorial Drive

to the Jersey City Redevelopment Agency is hereby authorized for purpose of implementing the Grand Jersey Redevelopment plan.

2. That the Mayor or Business Administrator is hereby authorized and directed to execute a deed and all necessary or appropriate instruments to convey and effectuate the transfer of the aforesaid Property to the Jersey City Redevelopment Agency.
- A. All Ordinances and part of Ordinances inconsistent herewith are hereby repealed.
- B. This Ordinance shall be part of the Jersey City Code as though codified and fully set forth therein. The City Clerk shall have this Ordinance codified and incorporated in the official copies of the Jersey City Code.
- C. This Ordinance shall take effect at the time and in the manner as provided by law.
- D. The City Clerk and the Corporation Counsel be and they are hereby authorized and directed to change any chapter numbers, article numbers and section numbers in the event that the codification of the Ordinance reveals that there is a conflict between those numbers and the existing code in order to avoid confusion and possible accidental repealers of existing provisions.

APPROVED AS TO LEGAL FORM

APPROVED: _____

Corporation Counsel

APPROVED: _____

Business Administrator

Certification Required ☐

Not Required ☐

RESOLUTION FACT SHEET – NON-CONTRACTUAL

This summary sheet is to be attached to the front of any resolution that is submitted for Council consideration. Incomplete or vague fact sheets will be returned with the resolution.

Full Title of Ordinance/Resolution

AN ORDINANCE AUTHORIZING THE TRANSFER OF CITY-OWNED PROPERTY WITHIN THE GRAND JERSEY REDEVELOPMENT AREA TO THE JERSEY CITY REDEVELOPMENT AGENCY

Initiator

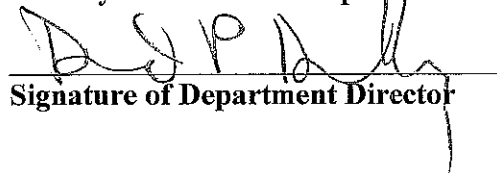
Department/Division	Jersey City Redevelopment Agency	
Name/Title	David P. Donnelly	Executive Director
Phone/email	201-761-0819	DonnellyD@jcnj.org

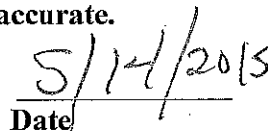
Note: Initiator must be available by phone during agenda meeting (Wednesday prior to council meeting @ 4:00 p.m.)

Resolution Purpose

The Jersey City Redevelopment Agency wishes to have the property transferred from the City of Jersey City to the Jersey City Redevelopment Agency. The Agency issued a Request for Proposals and received two proposals in January 2014. The Agency has executed a Redevelopment Agreement with the successful respondent, Barnabas Health, and now needs the property in order to effectuate the redevelopment and revitalization initiatives set forth in the Grand Jersey Redevelopment Plan.

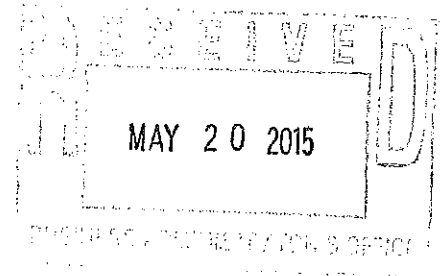
I certify that all the facts presented herein are accurate.


Signature of Department Director


Date



INTER - OFFICE MEMORANDUM



TO: Robert Kakoleski, Business Administrator
Annmarie Miller, Real Estate Manager

FROM: David P. Donnelly, Executive Director *DPD*

DATE: May 20, 2015

SUBJECT: 52 Aetna Street, Block 15801, Lot 3
Skinner Memorial Drive, Block 15801, Lot 4
Grand Jersey Redevelopment Area

Attached please find the original Ordinance and Fact Sheet authorizing the transfer of the properties referenced above from the City of Jersey City to the Jersey City Redevelopment Agency, in accordance with the Grand Jersey Redevelopment Plan. Please review the documents and, if all is in order, kindly include same on the next City Council Agenda. Also enclosed is a copy of the Jersey City Redevelopment Agency's resolution authorizing acceptance of a deed from the City to the JCRA, which was approved at our Board of Commissioners meeting on May 19th.

Copies of the Ordinance and Fact Sheet were emailed to Robert Kakoleski on May 19th.

/mm

c: Jeremy Farrell, Corporation Counsel
Benjamin Delisle, JCRA Dir. of Development

RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE JERSEY CITY REDEVELOPMENT AGENCY AUTHORIZING ACCEPTANCE OF A DEED FROM THE CITY OF JERSEY CITY FOR CITY-OWNED PROPERTY LOCATED IN BLOCK 15801 LOTS 3 & 4 WITHIN THE GRAND JERSEY REDEVELOPMENT AREA

WHEREAS, in furtherance of the goals and objectives of the Redevelopment Agency's law (N.J.S.A. 40A:12A-1 et seq.) the Agency is undertaking a program for the reconstruction or rehabilitation of areas designated in need of redevelopment within the City of Jersey City; and

WHEREAS, the City of Jersey City is the owner of certain property located in Block 15801, Lots 3 and 4 and known as 52 Aetna Street and Skinner Memorial Drive, respectively, within the Grand Jersey Redevelopment Area; and

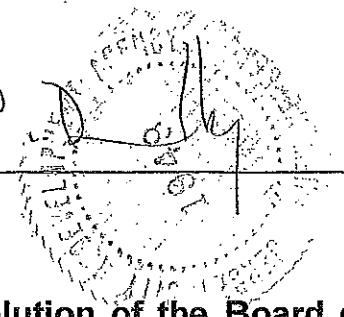
WHEREAS, the Agency has deemed it necessary to acquire the aforementioned property to effectuate the redevelopment and revitalization of the Grand Jersey Redevelopment Area.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Jersey City Redevelopment Agency that the Agency be and is hereby authorized to accept title to property known as 52 Aetna Street and Skinner Memorial Drive within City Block 15801, Lots 3 and 4, by Deed from the City of Jersey City for nominal consideration, the terms and conditions of which conveyance are subject to the approval of the Agency's Executive Director and General Counsel.

BE IT FURTHER RESOLVED, that the Chairman, Vice Chairman and/or Secretary are hereby authorized to execute any and all documents necessary to effectuate this Resolution subject to the review and approval of the Agency's General Counsel.



SECRETARY



Certified to be a true and correct copy of a Resolution of the Board of Commissioners of the Jersey City Redevelopment Agency adopted at their Regular Meeting of May 19, 2015.

<u>RECORD OF COMMISSIONERS VOTE</u>				
<u>NAME</u>	<u>AYE</u>	<u>NAY</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
Diane Coleman	✓			
Evelyn Farmer				✓
Erma D. Greene	✓			
Rolando R. Lavarro, Jr.	✓			
Timothy N. Mansour	✓			
John D. Petkanas				✓
Russell J. Verducci	✓			

City Clerk File No. _____ Ord. 15.076

Agenda No. _____ 3.B _____ 1st Reading

Agenda No. _____ 2nd Reading & Final Passage



ORDINANCE OF JERSEY CITY, N.J.

COUNCIL AS A WHOLE

offered and moved adoption of the following ordinance:

CITY ORDINANCE 15.076

TITLE: ORDINANCE APPROVING A TWENTY (20) YEAR TAX EXEMPTION FOR A COMMERCIAL HOTEL PROJECT TO BE CONSTRUCTED BY RATAN JERSEY CITY URBAN RENEWAL, LLC, PURSUANT TO THE PROVISIONS OF THE LONG TERM TAX EXEMPTION LAW N.J.S.A. 40A:20-1 ET SEQ FOR THE PROPERTY DESIGNATED AS BLOCK 1101, LOT 10 ON THE CITY'S TAX MAP AND MORE COMMONLY KNOWN BY THE STREET ADDRESS AS 707 TONNELE AVENUE

THE MUNICIPAL COUNCIL OF THE CITY OF JERSEY CITY DOES ORDAIN:

WHEREAS, Ratan Jersey City Urban Renewal, LLC, is an urban renewal entity, formed and qualified to do business under the provisions of the Long Term Tax Exemption Law of 2003, N.J.S.A. 40A:20-1 et seq., [Entity]; and

WHEREAS, the Entity is the contract purchaser of certain property known as Block 1101, Lot 10, on the City's Official Tax map, consisting of approximately .764 acres, and more commonly known by the street address of 707 Tonnele Avenue, Jersey City, and more specifically described by metes and bounds, in the application [Property]; and

WHEREAS, the Property is located within the Tonnele Avenue Urban Enterprise Zone as required by N.J.S.A. 40A:20-4 and N.J.S.A. 40A:12A-5(g); and

WHEREAS, the Entity has applied for a 20 year long term tax exemption to construct a seven (7) story building with approximately thirty-two thousand eight hundred seventy-one (45,021) square feet of commercial or industrial space, consisting of seventy-five (75) guest rooms and seventy-five (75) parking spaces; and

WHEREAS, the Project received site plan approval from the Planning Board on April 17, 2014; and

WHEREAS, the Project is expected to generate approximately \$117,275 annually in hotel occupancy taxes for the City; and

WHEREAS, Ratan Jersey City Urban Renewal, LLC, has agreed to:

1. pay the greater of (i) the Minimum Annual Service Charge or (ii) an annual service charge consisting of 2% of Total Project Cost of the Entity; Total Project Cost shall be defined according to the industry standard set forth by Marshall & Swift, in its Marshall Valuation Service, as modified and set forth in the Financial Agreement by the parties, which sum is estimated to be \$122,010 and which shall be subject to statutory staged increases over the term of the tax exemption; and
2. pay an annual sum equal to 2% of each prior year's Annual Service Charge as an Administrative Fee; and
3. provide employment and other economic opportunities for City residents and businesses; and
4. pay to the City, for remittance to Hudson County, an additional amount equal to 5% of the Annual Service Charge upon receipt of that charge; and
5. pay the sum of \$67,532 (\$1.50 x 45,021 square feet of hotel and retail space and parking square feet) to the City's Affordable Housing Trust Fund; and

ORDINANCE APPROVING A TWENTY (20) YEAR TAX EXEMPTION FOR A COMMERCIAL HOTEL PROJECT TO BE CONSTRUCTED BY RATAN JERSEY CITY URBAN RENEWAL, LLC, PURSUANT TO THE PROVISIONS OF THE LONG TERM TAX EXEMPTION LAW N.J.S.A. 40A:20-1 ET SEQ FOR THE PROPERTY DESIGNATED AS BLOCK 1101, LOT 10, ON THE CITY'S TAX MAP AND MORE COMMONLY KNOWN BY THE STREET ADDRESS AS 707 TONNELE AVENUE

WHEREAS, the City hereby determines that the relative benefits of the project outweigh the cost of the tax exemption, for the following reasons:

1. the current real estate taxes generate revenue of only \$18,585, whereas, the Annual Service Charge as estimated, will generate revenue of more than \$122,010 to the City and an additional sum of approximately \$6,100 to Hudson County;
2. it is expected that the Project will create approximately 125 jobs during construction and 40 new permanent full-time jobs;
3. the Project will stabilize and contribute to the economic growth of businesses in the surrounding area;
4. the Project will further the overall redevelopment objectives of the Tonnele Avenue Urban Enterprise Zone;
5. the City's impact analysis, on file with the Office of the City Clerk, indicates that the benefits of the Project outweigh the costs to the City; and

WHEREAS, the City hereby determines that the tax exemption is important in obtaining development of the project and influencing the locational decisions of probable occupants for the following reasons:

1. the relative stability and predictability of the Annual Service Charges will make the Project more attractive to investors needed to finance the Project;
2. the relative stability and predictability of the Annual Service Charges will allow the owner to stabilize its operating budget, allowing a high level of maintenance to the building over the life of the Project, which will insure the likelihood of the success of the Project; and

WHEREAS, Ratan Jersey City Urban Renewal, LLC, has initially complied with Executive Order 2002-005 concerning "Disclosure of Lobbyist Representative Status" by filing an appropriate letter in the Office of the City Clerk.

NOW, THEREFORE, BE IT ORDAINED by the Municipal Council of the City of Jersey City that:

A. The application of Ratan Jersey City Urban Renewal, LLC, an urban renewal company, formed and qualified to do business under the provisions of the Long Term Tax Exemption Law of 2003, N.J.S.A. 40A:20-1 et seq., a copy of which is on file in the office of the City Clerk, for Block 1101, Lot 10, more commonly known by the street address of 707 Tonnele Avenue, and more specifically described by metes and bounds in the application, is hereby approved.

B. The Mayor or Business Administrator is hereby authorized to execute a tax exemption Financial Agreement and a Project Employment and Contracting Agreement. The Financial Agreement shall include at a minimum the following terms and conditions:

1. Term: the earlier of 25 years from the adoption of the within Ordinance or 20 years from the date the project is Substantially Complete;
2. Annual Service Charge: each year the greater of:
 - (a) the Minimum Annual Service Charge; or
 - (b) or 2% of Total Project Cost of the Entity, Total Project Cost shall be defined according to the industry standard set forth by Marshall & Swift, in its Marshall Valuation Service, as modified by the parties and set forth in the Financial Agreement, which is estimated to be \$6,100,500, for an estimated annual service charge of \$122,010 which shall be subject to statutory increases during the term of the tax exemption.

ORDINANCE APPROVING A TWENTY (20) YEAR TAX EXEMPTION FOR A COMMERCIAL HOTEL PROJECT TO BE CONSTRUCTED BY RATAN JERSEY CITY URBAN RENEWAL, LLC, PURSUANT TO THE PROVISIONS OF THE LONG TERM TAX EXEMPTION LAW N.J.S.A. 40A:20-1 ET SEQ FOR THE PROPERTY DESIGNATED AS BLOCK 1101, LOT 10, ON THE CITY'S TAX MAP AND MORE COMMONLY KNOWN BY THE STREET ADDRESS AS 707 TONNELE AVENUE

3. Administrative Fee: 2% of the prior year's Annual Service Charge;
 4. County Payment: 5% of the Annual Service Charge to the City for remittance by the City to Hudson County;
 5. Project: new construction of a seven (7) story building with approximately thirty-two thousand eight hundred seventy-one (45,021) square feet of commercial or industrial space, consisting of seventy-five (75) guest rooms and seventy-five (75) parking spaces;
 6. Affordable Housing Trust Fund: \$1.50 x 45,021 square feet of hotel and retail space, for a total of approximately \$67,532;
 7. An agreement that the Entity shall not amend any Master Deed or Management Agreement with the hotel operator during the term of the abatement without prior written notice to the City and not in any manner that would alter the Land Taxes or reduce the Service Charge to the City;
 8. An obligation to execute a Project Employment and Contracting Agreement for non-construction jobs and contracts to insure employment and other economic benefits to City residents and businesses;
 9. This Ordinance will sunset and the Tax Exemption will terminate unless construction of the Project is commenced within two (2) years of the adoption of the within Ordinance;
 10. The Financial Agreement shall be executed by the Entity no later than 90 days following adoption of the within Ordinance unless otherwise extended at the City's sole discretion. Failure to comply shall result in a repeal of the herein Ordinance and the tax exemption will be voided.
- D. The City Clerk shall deliver a certified copy of the Ordinance and Financial Agreement to the Tax Assessor and Director of the Division of Local Government Services.
- E. The closing of the sale of the Property shall take place and the deed shall be recorded within thirty (30) days of adoption of the herein Ordinance and the Entity shall provide proof thereof to the City, or the tax abatement will terminate and this Ordinance will be rescinded unless otherwise extended at the City's sole discretion.
- F. The application is on file with the office of the City Clerk. The Financial Agreement and Project Employment and Contracting Agreement shall be in substantially the form on file in the Office of the City Clerk, subject to such modification as the Business Administrator or Corporation Counsel deems appropriate or necessary.
- G. This ordinance shall be part of the Jersey City Code as though codified and fully set forth therein. The City Clerk shall have this ordinance codified and incorporated in the official copies of the Jersey City Code.
- H. This ordinance shall take effect at the time and in the manner provided by law.
- I. The City Clerk and Corporation Counsel be and they are hereby authorized and directed to change any chapter numbers, article numbers and section numbers in the event that the codification of this ordinance reveals that there is a conflict between those numbers and the existing code, in order to avoid confusion and possible accidental repealers of existing provisions.

NOTE: All material is new; therefore underlining has been omitted. For purposes of advertising only, new matter is indicated by **bold face** and repealed matter by *italic*.

APPROVED AS TO LEGAL FORM
by the
5/18/15

Corporation Counsel

APPROVED: _____

APPROVED: _____
Business Administrator

Certification Required ☐
Not Required ☐

RESOLUTION FACT SHEET – NON-CONTRACTUAL

This summary sheet is to be attached to the front of any resolution that is submitted for Council consideration. Incomplete or vague fact sheets will be returned with the resolution.

Full Title of Ordinance/Resolution

Ordinance approving a twenty (20) year tax exemption for a commercial hotel project to be constructed by Ratan Jersey City Urban Renewal LLC , pursuant to the provisions of the long term tax exemption law NJSA 40A:20-1 et seq for the property designated as Block 1101 Lot 1 on the city tax map known as 707 Tonnele Avenue

Initiator

Department/Division	office of the Mayor	
Name/Title	Marcos Vigil	Deputy Mayor
Phone/email	201-547-6542	vigilm@jcnj.org

Note: Initiator must be available by phone during agenda meeting (Wednesday prior to council meeting @ 4:00 p.m.)

Resolution Purpose

Ratan Jersey City Urban Renewal LLC has applied for a 20 year long term tax exemption to construct a Seven (7) story hotel with approximately seventy-five 75 rooms and seventy-five (75) parking spaces.

This abatement application meets all the standards present in the Mayor's Executive Order concerning Long Term Tax Exemptions, commonly known as abatements.

I certify that all the facts presented herein are accurate.

Signature of Department Director

Date

Ratan Jersey City Urban Renewal, LLC

1. Ownership disclosure certification
2. Fiscal Impact Cost Projection
3. Good Faith estimate of rental income/condo
4. Projected construction costs
5. Schedule of ASC over the abatement
6. Tax Assessor spreadsheet
7. Projection of sales price for condos (n/a)
8. Memorandum from Al Cameron to the Law Department
9. Financial Agreement (attached to the Ordinance)

EXHIBIT F

RATAN JERSEY CITY URBAN RENEWAL, L.L.C.

DISCLOSURE STATEMENT

NAME OF ENTITY: Ratan Jersey City, LLC
1300 Tonnelle Avenue
North Bergen, NJ 07047

LOCATION OF PROJECT: Block 1101, Lot 10
707 Tonnelle Avenue
Jersey City, New Jersey

PRINCIPAL PLACE OF BUSINESS: 1300 Tonnelle Avenue
North Bergen, NJ 07047

NAME OF REGISTERED AGENT: Maheshchand Ratanji

ADDRESS: 1300 Tonnelle Avenue
North Bergen, NJ 07047

The members of Ratan Jersey City, L.L.C. are as follows:

NAME	ADDRESS	PERCENT OWNED
Maheshchand Ratanji Irrv Family Trust	272 Grove Street Clifton, NJ 07013	45%
Harish S Surati Family Trust	121 Drew Drive Langhorne, PA 19053	30%
Jaiminiben N Gandhi Family Trust	1300 Tonnelle Avenue North Bergen, NJ 07047	20%
Parimal Gandhi	459 Tonnelle Avenue Jersey City, NJ 07307	5%

I CERTIFY THAT THE FOLLOWING LIST REPRESENTS THE NAMES OF ALL MEMBERS OWNING A 10% OR GREATER INTEREST IN THE ABOVE ENTITY (IF ONE OR MORE OF THE ABOVE NAMED IS ITSELF AN ENTITY, THE APPLICANT WILL PROVIDE THE NAMES OF ANY ENTITY OWNING A 10% OR GREATER INTEREST THEREIN)

I FURTHER CERTIFY THAT NO OFFICER OR EMPLOYEE OF THE CITY OF JERSEY CITY HAS ANY INTEREST, DIRECT OR INDIRECT, IN THIS ENTITY.

I CERTIFY THAT THE FOREGOING STATEMENTS MADE BY ME ARE TRUE. I AM AWARE THAT IF ANY OF THE FOREGOING STATEMENTS MADE BY ME ARE WILLFULLY FALSE, I AM SUBJECT TO PUNISHMENT.

Dated: 11/19/14 Ratan Jersey City, L.L.C.

By: M. Maheshchand Ratanji
Maheshchand Ratanji, authorized member

FISCAL IMPACT ANALYSIS - COMMERCIAL

RATAN JERSEY CITY UR (HOTEL)

Total Municipal Budget: 516,641,147		Total Real Property Value: 5,932,776,544		Non-Residential Property Values: 2,633,404,662		Incoming Facility Non Residential Value: 3,354,900	
		Non-Residential Value 2,633,404,662					
		Net Valuation Taxable 5,932,776,544					
Total Local Municipal Expenditures For Non-Residential		Proportion of Non-Residential Value to Total Net Valuation Taxable		Total Municipal Expenditures Attributable to Non-Residential Use			
179,461,222		0.44		78,962,938			
		Incoming Facility Non Residential Value 3,354,900					
		Net Valuation Taxable 5,932,776,544					
Total Municipal Expenditures Attributable to Non-Residential Use		Proportion of Facility to Total Local Non-Residential Net Valuation Taxable		Municipal Cost Allocated To Non Residential Facility			
78,962,938		0.000565486		44,652			

Facilities Assessment Tax Rate (2014) Annual Tax
3,354,900 74.34 249,403

Municipal Portion* (50%)
124,702

Service Charge Amount: 122,010
Implied Surplus (Cost) 77,358

Non-Residential Municipal Expenditure Breakdown:

public safety 171,817,581
DPW (Bldg, Streets, Parks) 7,643,641
Total 179,461,222

Additional Estimated Hotel Occupancy Tax**:

117,275

Net Valuation Taxable Source: 2014 Table of Aggregates

Municipal Portion Source: 2014 Estimated Tax Rate

* this figure assumes that any project, and one with the quality of finishes proposed, would be built without a tax abatement

**based on initial per room rates which will increase over the term of the Tax Abatement as rates increase

PROJECTED HOTEL OPERATIONS	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
ADR (1)	\$ 105	\$ 108	\$ 110	\$ 112	\$ 113	\$ 114	\$ 115	\$ 116	\$ 117	\$ 118
OCC. RATE	68.0%	68.0%	69.0%	70.0%	70.5%	71.0%	71.5%	72.0%	72.5%	73.0%
REVENUE										
Hotel Rooms	\$ 1,954,575	\$ 2,010,420	\$ 2,077,762	\$ 2,146,200	\$ 2,180,829	\$ 2,215,732	\$ 2,250,909	\$ 2,286,360	\$ 2,322,084	\$ 2,358,082
Other Income	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Gross Revenue	\$ 1,979,575	\$ 2,035,420	\$ 2,102,762	\$ 2,171,200	\$ 2,205,829	\$ 2,240,732	\$ 2,275,909	\$ 2,311,360	\$ 2,347,084	\$ 2,383,082
EXPENSES										
Department Expenses	\$ 684,101	\$ 703,647	\$ 727,217	\$ 751,170	\$ 763,290	\$ 775,506	\$ 787,818	\$ 800,226	\$ 812,729	\$ 825,329
Franchise Fees & Exp. (3)	\$ 175,912	\$ 180,938	\$ 186,999	\$ 193,158	\$ 196,275	\$ 199,416	\$ 202,582	\$ 205,772	\$ 208,988	\$ 212,227
General & Administrative	\$ 119,229	\$ 122,636	\$ 126,743	\$ 130,918	\$ 133,031	\$ 135,160	\$ 137,305	\$ 139,468	\$ 141,647	\$ 143,843
Sales & Marketing	\$ 72,319	\$ 74,386	\$ 76,877	\$ 79,409	\$ 80,691	\$ 81,982	\$ 83,284	\$ 84,595	\$ 85,917	\$ 87,249
Maintenance & Repair	\$ 39,092	\$ 40,208	\$ 41,555	\$ 42,924	\$ 43,617	\$ 44,315	\$ 45,018	\$ 45,727	\$ 46,442	\$ 47,162
Utility Services	\$ 122,161	\$ 125,651	\$ 129,860	\$ 134,138	\$ 136,302	\$ 138,483	\$ 140,682	\$ 142,898	\$ 145,130	\$ 147,380
Insurance	\$ 68,410	\$ 70,365	\$ 72,722	\$ 75,117	\$ 76,329	\$ 77,551	\$ 78,782	\$ 80,023	\$ 81,273	\$ 82,533
Real Estate Taxes (5)	\$ 122,010	\$ 122,010	\$ 122,010	\$ 122,010	\$ 122,010	\$ 122,010	\$ 122,010	\$ 122,010	\$ 122,010	\$ 122,010
FF&E Replacement Exp(\$900k/7 yrs) (2)	\$ 128,571	\$ 128,571	\$ 128,571	\$ 128,571	\$ 128,571	\$ 128,571	\$ 128,571	\$ 128,571	\$ 128,571	\$ 128,571
Replacement Reserve	\$ 39,100	\$ 39,100	\$ 39,100	\$ 39,100	\$ 39,100	\$ 39,100	\$ 39,100	\$ 39,100	\$ 39,100	\$ 39,100
Total Operating Expenses	\$ 1,570,905	\$ 1,607,511	\$ 1,651,654	\$ 1,696,515	\$ 1,719,214	\$ 1,742,093	\$ 1,765,152	\$ 1,788,390	\$ 1,811,807	\$ 1,835,404
Expense to Income Ratios	79%	79%	79%	78%	78%	78%	78%	77%	77%	77%
Net Operating Income	\$ 408,670	\$ 427,909	\$ 451,108	\$ 474,685	\$ 486,615	\$ 498,639	\$ 510,757	\$ 522,970	\$ 535,277	\$ 547,678
Profit Margins	21%	21%	21%	22%	22%	22%	22%	23%	23%	23%
DEBT SERVICE										
Interest Payment	\$ 138,485	\$ 135,096	\$ 131,567	\$ 127,896	\$ 124,074	\$ 120,098	\$ 116,048	\$ 111,650	\$ 107,168	\$ 102,501
Principal Payment	\$ 83,199	\$ 86,589	\$ 90,118	\$ 93,790	\$ 97,610	\$ 101,587	\$ 105,637	\$ 110,035	\$ 114,517	\$ 119,184
TOTAL DEBT SERVICE	\$ 221,684	\$ 221,685	\$ 221,685	\$ 221,686	\$ 221,684	\$ 221,685	\$ 221,685	\$ 221,685	\$ 221,685	\$ 221,685
Cash Flow after Debt Service	\$ 186,986	\$ 206,224	\$ 229,423	\$ 252,999	\$ 264,931	\$ 276,954	\$ 289,072	\$ 301,285	\$ 313,592	\$ 325,993

(1) Average Daily Rate is based on projected data. Occupancy assumptions take into consideration multiple yrs build up of business and competition from new hotels

(2) FF&E Budget cost of \$900,000 straight-line over a projected 7 years useful life.

(3) Franchise Fee is required under the Franchise Agreement with IHG

(4) Debt Service probably obtaining a \$3.5M mortgage at 4.0% permanent fixed rate financing over 25 years amortization. (This is just a possible option)

(5) The real estate property taxes are based on a total project cost of \$6,100,500 at a 2% service charge. (According to the Application for Tax Exemption Exhibit C)

The owners have an Internal management company, so no management fee will be taken.

EXHIBIT C

RATAN JERSEY CITY URBAN RENEWAL, L.L.C.

See Attached Estimated Total Project Cost

EXHIBIT C

RATAN JERSEY CITY URBAN RENEWAL, L.L.C.

a.	Land value:	\$1,100,000
b.	Architects, engineers and attorneys fees	\$150,000
c.	Surveying and testing charges:	\$20,000
d.	Actual cost and shall construction cost as certified by architect, including site preparation	\$4,500,000
e.	Insurance, interest and finance costs during construction:	\$25,000
f.	Cost of obtaining initial permanent financing:	\$ 0
g.	Commissioners and other expenses payable in connection with initial lease of units:	\$ 0
h.	Real estate taxes and assessments during construction period:	\$18,000
i.	Developer's overhead (5% of actual construction costs set forth in 40A:20-3(h), as amended):	<u>\$287,500</u>
	TOTAL:	\$6,100,500

EXHIBIT C-1

RATAN JERSEY CITY URBAN RENEWAL, L.L.C.

CERTIFICATION OF ESTIMATED CONSTRUCTION COSTS

On this 19th day of November 2014, the undersigned being the architect for the Project to be developed by Ratan Jersey City LLC, does hereby certify to the best of my knowledge and belief that Exhibit C accurately reflects the estimated actual construction costs of the Project proposed on Block 1101, Lot 10, more commonly referred to as 707 Tonnelie Avenue, Jersey City, New Jersey.

Witnessed

By

Roderick E. Fazel

By

Name: Erkki Alestalo, AIA

Title: Architect

EXHIBIT B

RATAN JERSEY CITY URBAN RENEWAL, L.L.C.

See Attached Estimated Annual Service Charge Computation

EXHIBIT B

RATAN JERSEY CITY URBAN RENEWAL, L.L.C.

ESTIMATED ANNUAL SERVICE CHARGE COMPUTATION

Estimated Total Project Cost:	\$6,100,500.00
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Estimated Annual Service Charge

Total Project Cost x 2%	Years 1 - 20	\$122,010.00
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RATAN JERSEY CITY, LLC
BLOCK 1101 Lot 10
707 Tonnele Avenue

Block	Lot		Existing Prorated (subdvi.)	New Assessments	Good Faith ASC	Land Tax	Assessment (Phased-In)
1101	10	Land	250,000	250,000			
		Bldg		3,104,900	110,060		3,104,900
		Total	250,000	3,354,900	110,060		3,104,900

**Est. In-Lieu of Full Property Tax Payments An Amount Equal
To A Percentage Of Taxes Otherwise Due On The Land and
New Improvement According To The Following Stages:**

		ASC	Annual Taxes* (Land & Bldg)
Stage One	From the 1st day of the month following substantial completion until the last day of the 6th year, the ASC shall be at 2% of Annual Revenue	\$ 110,060	\$ 18,585
Stage Two	Beginning on the 1st day of the 7th year and the last day of the 9th year of substantial completion, an amount equal to the greater of the ASC at 2% or 20% of the amount of taxes otherwise due on the value of the land and improvements;	\$ 110,060	\$ 49,881
Stage Three	Beginning on the 1st day of the 10th year and the last day of the 12th year of substantial completion, an amount equal to the greater of the ASC at 2 or 40% of the amount of taxes otherwise due on the value of the land and improvements;	\$ 110,060	\$ 99,761
Stage Four	Beginning on the 1st day of the 13th year and the last day of the 16th year of substantial completion, an amount equal to the greater of the ASC at 2% or 60% of the amount of taxes otherwise		

due on the value of the land and improvements;	\$	110,060	\$	18,585	\$	149,642
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Final Stage	Beginning on the 1st day of the 17th year and the last day of the 20th year of substantial completion, an amount equal to the greater of the ASC at 12% or 80% of the amount of taxes otherwise due on the value of the land and improvements.	\$	110,060	\$	18,585	\$	199,523
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3/24/2015	Yearly Land and Improvement Yearly Tax (Based on 2014 tax rate of \$74.34 & 30.02% Assessment Ratio)	\$	249,403
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DATE: March 25, 2015
TO: Diana Jeffrey (For distribution to City Council and City Clerk)
FROM: Al Cameron Tax Collector's Office
SUBJECT: TWENTY-YEAR TAX ABATEMENT: RATAN JERSEY CITY URBAN RENEWAL, LLC, For a Hotel at 707 Tonnele Avenue Block 1101, Lot 10

CC: M. Cosgrove, E. Borja, E. Toloza, J. Monahan, M. Vigil, G. Corrado

INTRODUCTION:

The applicant, Ratan Jersey City Urban Renewal, LLC, is applying for a Twenty (20) Year-tax abatement under N.J.S.A. 40 A: 21-1 et seq. The fee of \$9,500 was paid with the application. The project qualifies as a Tier VI Project of the Jersey City Tax Exemption Policy.

LOCATION OF THE PROPERTY:

The property located at 707 Tonnele Boulevard, also known as Route 1 & 9, is on the southbound side of the highway. It consists of Block 1101 Lot 10 on the Jersey City Tax Map. It is in zoned Highway Commercial and in an Urban Enterprise Zone. The property is currently vacant.

PROJECT TO BE CONSTRUCTED:

The project will be a seven (7) story hotel with seventy-five (75) hotel rooms, and seventy-five (75) parking spaces. The applicant was granted site plan approval by the Zoning Board of Adjustment with 'C' and 'd' variances.

ESTIMATED TOTAL PROJECT COST:

The total project cost is estimated at \$6,100,500. The estimated construction cost is certified by the applicant's engineer, Erkki Alestalo.

CONSTRUCTION SCHEDULE:

The estimated start date is soon after all approvals are received and will be completed in approximately twelve (12) months after commencement.

ESTIMATED JOBS CREATED:

The applicant estimates approximately one hundred twenty-five (125) jobs during Construction and forty (40) post construction jobs. The permanent full-time jobs

Ratan Jersey City Urban Renewal LLC Sum Memo.docx
5/20/2015 2:43 PM

will consist of one each; General Manager, Sales Director, Front Desk Manager, Housekeeping Supervisor and House Boy. The other staff jobs will consist of eight (8) on the front desk, twenty-five (25) in housekeeping and two (2) in maintenance. The applicant will enter into a Project Employment and Contracting Agreement. The construction cost of the project does not meet the threshold for a Project Labor Agreement.

AFFORDABLE HOUSING TRUST FUND CONTRIBUTION:

The applicant proposes an AHTF Contribution of \$67,531.50 See table below.

RATAN JERSEY CITY URBAN RENEWAL LLC

		Rate	Amount
Total square footage for the Building	32,871	\$1.50	\$49,306.50
Plus square footage for parking	12,150	\$1.50	\$18,225.00
Total square Feet Subject to AHTF Payment	45,021		\$67,531.50
Total AHTF Payment			<u>\$67,531.50</u>

CURRENT REAL ESTATE TAXES:

The assessment for the vacant land is \$250,000. Based upon that assessment at the current rate of \$74.34 the tax for the land is \$18,585. All taxes are current.

PROPOSED ABATEMENT:

The property qualifies for Tier VI of the Jersey City Tiered Tax Exemption Policy Map. The applicant has requested a term of the lesser of twenty-five (25) years from the date of approval of an ordinance approving the abatement or twenty (20) years from substantial completion.

The Tier VI Tax Abatement Policy provides for an Annual Service Charge (ASC) of two percent (2%) of total project cost, a fee to Hudson county of five percent (5%) of the Annual Service Charge and a City administrative fee at one half of one percent (0.5%).

PROPOSED REVENUE TO THE CITY:

Based upon two percent (2%) of total project cost of \$6,100,500 the estimated

Annual Service is \$122,010.

The applicant will pay an Annual Service Charge of two percent of total project costs in years one (1) through six (6). In years seven (7) through nine (9) the applicant would pay the greater of the ASC or twenty percent (20%) of conventional taxes. The applicant would pay the greater of the ASC or forty percent (40%) in years ten (10) through twelve (12), the greater of the ASC or sixty percent (60%), in years thirteen (13) through sixteen (16), the greater of the ASC or eighty percent (80%) in years seventeen (17) through twenty (20). The applicant would pay full taxes in year twenty-one (21).

TIER 6 - FINANCIAL AGREEMENT (30 YEAR)
Rev. 5/18/15
Long Term Tax Exemption
N.J.S.A. 40A:20-1, et seq.
(Commercial or Industrial)

Re: 707 Tonnele Avenue
Approximately 0.764 acres of land
Block 1101, Lot 10

PREAMBLE

THIS FINANCIAL AGREEMENT, [Agreement] is made the _____ day of __, 2015, by and between **RATAN JERSEY CITY URBAN RENEWAL, LLC**, an urban renewal entity formed and qualified to do business under the provisions of the Long Term Tax Exemption Law of 1992, as amended and supplemented, N.J.S.A. 40A:20-1 et seq., having its principal office at 1300 Tonnele Avenue, North Bergen, NJ 07047 [Entity], and the **CITY OF JERSEY CITY**, a Municipal Corporation of the State of New Jersey, having its principal office at 280 Grove Street, Jersey City, New Jersey 07302 [City].

RECITALS

WITNESSETH:

WHEREAS, the Entity is the contract purchaser pursuant to a Contract for Sale dated May 15, 2015, of certain property designated as Block 1101, Lot 10, more commonly known by the street address of 707 Tonnele Avenue, Jersey City, and more particularly described by the metes and bounds description set forth as Exhibit 1 to this Agreement; and

WHEREAS, the property is located within the Tonnele Avenue Urban Enterprise Zone; and

WHEREAS, the Entity plans to construct a seven (7) story building with approximately forty-five thousand twenty-one (45,021) square feet of commercial or industrial space, and twelve thousand one hundred fifty (12,150) square feet of parking space, consisting of seventy-five (75) guest rooms and seventy-five (75) parking spaces [Project]; and

WHEREAS, the Project received site plan approval from the Planning Board on or about April 17, 2014; and

WHEREAS, on or about December 17, 2014, the Entity filed an Application with the City for a long term tax exemption for the Project; and

WHEREAS, by the adoption of Ordinance _____ on _____, 2015, the Municipal Council approved a long term tax exemption for the Project and authorized the execution of a Financial Agreement; and

WHEREAS, the City made the following findings:

- A. Relative Benefits of the Project when compared to the costs:
1. the current real estate tax generates revenue of only \$18,585, whereas, the Annual Service charge as estimated, will generate revenue to the City of approximately \$122,010;
 2. as required by ordinance 13-088, the Entity shall pay the City the sum of \$22,511 on or before the effective date of the ordinance approving the Financial Agreement, and will pay the balance of \$45,021 as an affordable housing contribution as required by the ordinance;
 3. it is expected that the Project will create approximately 125 new construction jobs and 40 new permanent full time jobs;
 4. the project should stabilize and contribute to the economic growth of existing local business and to the creation of new businesses, which cater to the new occupants.
- B. Assessment of the Importance of the Tax Exemption in obtaining development of the project and influencing the locational decisions of probable occupants:
1. the relative stability and predictability of the annual service charges will make the Project more attractive to investors and lenders needed to finance the Project; and
 2. the relative stability and predictability of the service charges will allow the owner to stabilize its operating budget, allowing a high level of maintenance to the building over the life of the Project, which will attract occupants to the Project, insure the likelihood of stabilized rents to tenants and the success of the Project; and
 3. have a positive impact on the surrounding area.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, and for other good and valuable consideration, it is mutually covenanted and agreed as follows:

ARTICLE I - GENERAL PROVISIONS

Section 1.1 Governing Law

This Agreement shall be governed by the provisions of the Long Term Tax Exemption Law, as amended and supplemented, N.J.S.A. 40A:20-1 et seq., Executive Order of the Mayor, 13-004, Disclosure of Lobbyist Status, Ordinance 02-075, and Ordinance _____, which authorized the execution of this Agreement. It being expressly understood and agreed that the City expressly relies upon the facts, data, and representations contained in the Application, attached hereto as Exhibit 3, in granting this tax exemption.

Section 1.2 General Definitions

Unless specifically provided otherwise or the context otherwise requires, when used in this Agreement, the following terms shall have the following meanings:

i. Allowable Net Profit- The amount arrived at by applying the Allowable Profit Rate to Total Project Cost pursuant to N.J.S.A. 40A:20-3(c).

ii. Allowable Profit Rate - The greater of 12% or the percentage per annum arrived at by adding 1.25% to the annual interest percentage rate payable on the Entity's initial permanent mortgage financing. If the initial permanent mortgage is insured or guaranteed by a governmental agency, the mortgage insurance premium or similar charge, if payable on a per annum basis, shall be considered as interest for this purpose. If there is no permanent mortgage financing, or if the financing is internal or undertaken by a related party, the Allowable Profit Rate shall be the greater of 12% or the percentage per annum arrived at by adding 1.25% per annum to the interest rate per annum which the municipality determines to be the prevailing rate on mortgage financing on comparable improvements in Hudson County. The provisions of N.J.S.A. 40A:20-3(b) are incorporated herein by reference.

iii. Annual Gross Revenue Any and all revenue derived from or generated by the Project of whatever kind or amount, whether received as rent from any tenants or income or fees from third parties, including but not limited to fees or income paid or received for parking, or as user fees or for any other services. No deductions will be allowed for operating or maintenance costs, including, but not limited to gas, electric, water and sewer, other utilities, garbage removal and insurance charges, whether paid for by the landlord, tenant or a third party.

iv. Annual Service Charge - The amount the Entity has agreed to pay the City each year for municipal services supplied to the Project, which sum is in lieu of any taxes on the Improvements, pursuant to N.J.S.A. 40A:20-12. It shall include a payment for all annual excess

profit.

v. Auditor's Report - A complete annual financial statement outlining the financial status of the Project, which shall also include a certification of Total Project Cost and clear computation of the annual Net Profit. The contents of the Auditor's Report shall have been prepared in conformity with generally accepted accounting principles and shall contain at a minimum the following: a balance sheet, a statement of income, a statement of retained earnings or changes in stockholders' equity, a statement of cash flows, descriptions of accounting policies, notes to financial statements and appropriate schedules and explanatory material results of operations, cash flows and any other items required by Law. The Auditor's Report shall be certified as to its conformance with such principles by a certified public accountant who is licensed to practice that profession in the State of New Jersey.

vi. Certificate of Occupancy - A document, whether temporary or permanent, issued by the City authorizing occupancy of a building, in whole or in part, pursuant to N.J.S.A. 52:27D-133.

vii. Debt Service - The amount required to make annual payments of principal and interest or the equivalent thereof on any construction mortgage, permanent mortgage or other financing including returns on institutional equity financing and affordable related party debt for the Project for a period equal to the term of this Agreement.

viii. Default - Shall be a breach of or the failure of the Entity to perform any obligation imposed upon the Entity by the terms of this Agreement, or under the Law, beyond any applicable grace or cure periods.

ix. Entity - The term Entity within this Agreement shall mean Ratan Jersey City Urban Renewal, LLC, which Entity is formed and qualified pursuant to N.J.S.A. 40A:20-5. It shall also include any subsequent purchasers or successors in interest of the Project, provided they are formed and operate under the Law.

x. Improvements or Project - Any building, structure or fixture permanently affixed to the land and to be constructed and tax exempted under this Agreement.

xi. In Rem Tax Foreclosure or Tax Foreclosure - A summary proceeding by which the City may enforce a lien for taxes due and owing by tax sale, under N.J.S.A. 54:5-1 to 54:5-129 et seq.

xii. Land Taxes - If applicable, the amount of taxes assessed on the value of land, on which the project is located and taxes on any pre-existing improvements. If Land Taxes are not exempt; however, Land Taxes are applied as a credit against the Annual Service Charge.

xiii. Land Tax Payments - Payments made on the quarterly due dates, including approved grace periods if any, for Land Taxes as determined by the Tax Assessor and the Tax Collector.

xiv. Law - Law shall refer to the Long Term Tax Exemption Law, as amended and supplemented, N.J.S.A. 40A:20-1, et seq.; Executive Order of the Mayor 13-004, relating to long term tax exemption, as it may be supplemented; Ordinance 02-075 requiring Disclosure of Lobbyist Status and Ordinance ~~02-075~~, which authorized the execution of this Agreement and all other relevant Federal, State or City statutes, ordinances, resolutions, rules and regulations.

xv. Minimum Annual Service Charge - The Minimum Annual Service Charge shall be the greater of: (a) the amount of the total taxes levied against all real property in the area covered by the Project in the last full tax year in which the area was subject to taxation, which amount the parties agree is \$18,585; (b) the sum of \$122,010 per year, which sum is equal to the estimated Annual Service Charge and which will be due 12 months following Substantial Completion of the Project.

Following Substantial Completion, the Minimum Annual Service Charge set forth in subsection (b) shall be paid in each year in which the Annual Service Charge, calculated pursuant to N.J.S.A. 40A:20-12 or this Agreement, would be less than the Minimum Annual Service Charge.

xvi. Net Profit - The Annual Gross Revenues of the Entity less all annual operating and non-operating expenses of the Entity, all determined in accordance with generally accepted accounting principles, but:

(1) there shall be included in expenses: (a) all Annual Service charges paid pursuant to N.J.S.A. 40A:20-12; (b) all annual payments to the City of excess profits pursuant to N.J.S.A. 40A:20-15 or N.J.S.A. 40A:20-16; (c) an annual amount sufficient to amortize (utilizing the straight line method-equal annual amounts) the Total Project Cost and all capital costs determined in accordance with generally accepted accounting principles, of any other entity whose revenue is included in the computation of excess profits over the term of this agreement;

(d) all reasonable annual operating expenses of the Entity and any other entity whose revenue is included in the computation of excess profits including the cost of all management fees, brokerage commissions, insurance premiums, all taxes or service charges paid, legal, accounting, or other professional service fees, utilities, building maintenance costs, building and office supplies and payments into repair or maintenance reserve accounts; (e) all payments of rent including but not limited to ground rent by the Entity; (f) all debt service; and

(2) there shall not be included in expenses either depreciation or obsolescence, interest on debt, except interest which is part of debt service, income taxes or salaries, bonuses or other compensation paid, directly or indirectly to directors, officers and stockholders of the entity, or officers, partners or other persons holding a proprietary ownership interest in the entity.

xvii. Pronouns - He or it shall mean the masculine, feminine or neuter gender, the singular, as well as the plural, as context requires.

xviii. Substantial Completion - The determination by the City that the Project, in whole or in part, is ready for the use intended, which ordinarily shall mean the first date on which the Project receives, or is eligible to receive, any Certificate of Occupancy whether temporary or permanent for any portion of the Project.

xix. Termination - Any act or omission which by operation of the terms of this Financial Agreement shall cause the Entity to relinquish its tax exemption.

xx. Total Project Cost - The total cost of constructing the Project through the date a Certificate(s) of Occupancy is issued for the entire Project, which categories of cost are set forth in N.J.S.A. 40A:20-3(h). There shall be included from Total Project Cost the actual costs incurred by the Entity and certified by an independent and qualified architect or engineer, which are associated with site remediation and cleanup of environmentally hazardous materials or contaminants in accordance with State or Federal law and any extraordinary costs incurred including the cost of demolishing structures, relocation or removal of public utilities, cost of relocating displaced residents or buildings and the clearing of title. If the Service Charge is a percentage of Total Project cost, then the Entity agrees that final Total Project Cost shall not be less than its estimated Total Project Cost.

ARTICLE II - APPROVAL

Section 2.1 Approval of Tax Exemption

The City hereby grants its approval for a tax exemption for all the Improvements to be constructed and maintained in accordance with the terms and conditions of this Agreement and the provisions of the Law which Improvements shall be constructed on certain property known on the Official Tax Assessor's Map of the City as: Block 1101, Lot 10, more commonly known by the street address 707 Tonnele Avenue, Jersey City, and described by metes and bounds in Exhibit 1 attached hereto.

Section 2.2 Approval of Entity

Approval is granted to the Entity whose Certificate of Formation is attached hereto as Exhibit 4. Entity represents that its Certificate contains all the requisite provisions of the Law; has been reviewed and approved by the Commissioner of the Department of Community Affairs; and has been filed with, as appropriate, the Office of the State Treasurer or Office of the Hudson County Clerk, all in accordance with N.J.S.A. 40A:20-5.

Section 2.3 Improvements to be Constructed

Entity represents that it will construct a seven (7) story building with approximately forty-five thousand twenty-one (45,021) square feet of commercial or industrial space, and twelve thousand one hundred fifty (12,150) square feet of parking, and consisting of seventy-five (75) guest rooms and seventy-five (75) parking spaces; all of which is specifically described in the Application attached hereto as Exhibit 3.

Section 2.4 Construction Schedule

The Entity agrees to diligently undertake to commence construction and complete the Project in accordance with the Estimated Construction Schedule, attached hereto as Exhibit 5, and in compliance with any Redevelopment Agreement.

Section 2.5 Ownership, Management and Control

The Entity represents that it is the contract purchaser of the property upon which the Project is to be constructed. Upon construction, the Entity represents that the Improvements will be used, managed and controlled for the purposes set forth in this Agreement and any Redevelopment Agreement.

Section 2.6 Financial Plan

The Entity represents that the Improvements shall be financed in accordance with the Financial Plan attached hereto as Exhibit 6. The Plan sets forth a good faith estimate of Total

Project Cost, the amortization rate on the Total Project Cost, the source of funds, the interest rates to be paid on construction financing, the source and amount of paid-in capital, and the terms of any mortgage amortization.

Section 2.7 Good Faith Estimate of Initial Rents

The Entity represents that its good faith projections of the initial rents and other revenue to the Project are set forth in Exhibit 7.

ARTICLE III - DURATION OF AGREEMENT

Section 3.1 Term

So long as there is compliance with the Law and this Agreement, it is understood and agreed by the parties hereto that this Agreement shall remain in effect for the earlier of 25 years from the date of the adoption of Ordinance ____ on _____, 20____, which approved the tax exemption or 20 years from the original date of Substantial Completion of the Project. The tax exemption shall only be effective during the period of usefulness of the Project and shall continue in force only while the Project is owned by a corporation or association formed and operating under the Law.

ARTICLE IV - ANNUAL SERVICE CHARGE

Section 4.1 Annual Service Charge

In consideration of the tax exemption, the Entity shall make the following annual payments to the City for services provided to the Project:

- i. City Service Charge: an amount equal to the greater of: the Minimum Annual Service Charge or an Annual Service Charge equal to 2% of the Total Project Cost. The Annual Service Charge shall be billed initially based upon the Entity's estimates of Annual Gross Revenue, attached hereto as Exhibit 6. Thereafter, the Annual Service Charge shall be adjusted in accordance with this Agreement.
- ii. County Service Charge: an amount equal to 5% of the Municipal Annual Service Charge shall be paid to the City and remitted by the City to the County.
- iii. The Minimum Annual Service Charge pursuant to Section 1.2xv(a) shall be due beginning on the effective date of this Agreement. The Minimum Annual Service Charge pursuant to Section 1.2xv(b) shall be due 12 months following Substantial Completion of the Project. The City Service Charge and the County Annual Service Charge shall be due on the

first day of the month following the Substantial Completion of the Project. In the event the Entity fails to timely pay the Minimum Annual Service Charge or the Annual Service Charge, the unpaid amount shall bear the highest rate of interest permitted in the case of unpaid taxes or tax liens on land until paid.

Section 4.2 Staged Adjustments

The Annual Service Charge shall be adjusted, in Stages over the term of the tax exemption in accordance with N.J.S.A. 40A:20-12(b) as follows:

i. Stage One: From the 1st day of the month following Substantial Completion until the last day of the 6th year, the Annual Service Charge shall be 2% of Total Project Cost;

ii. Stage Two: Beginning on the 1st day of the 7th year following Substantial Completion until the last day of the 9th year, an amount equal to the greater of the Annual Service Charge or 20% of the amount of the taxes otherwise due on the assessed value of the land and Improvements;

iii. Stage Three: Beginning on the 1st day of the 10th year following the Substantial Completion until the last day of the 13th year, an amount equal to the greater of the Annual Service Charge or 40% of the amount of the taxes otherwise due on the assessed value of the land and Improvements;

iv. Stage Four: Beginning on the 1st day of the 14th year following Substantial Completion until the last day of the 17th year, an amount equal to the greater of the Annual Service Charge or 60% of the amount of the taxes otherwise due on the assessed value of the land and Improvements.

v. Final Stage: Beginning on the 1st day of the 18th year following Substantial Completion through the date the tax exemption expires, an amount equal to the greater of the Annual Service Charge or 80% of the amount of the taxes otherwise due on the assessed value of the land and Improvements.

Section 4.3 Land Tax

The Entity is required to pay both the Annual Service Charge and the Land Tax Payments. The Entity is obligated to make timely Land Tax Payments, including any tax on the pre-existing improvements, in order to be entitled to a Land Tax credit against the Annual Service Charge for the subsequent year. The Entity shall be entitled to credit for the amount,

without interest, of the Land Tax Payments made in the last four preceding quarterly installments against the Annual Service Charge. In any quarter that the Entity fails to make any Land Tax Payments when due and owing, such delinquency shall render the Entity ineligible for any Land Tax Payment credit against the Annual Service Charge. No credit will be applied against the Annual Service Charge for a partial payment of Land Taxes. In addition, the City shall have, among this remedy and other remedies, the right to proceed against the property pursuant to the In Rem Tax Foreclosure Act, N.J.S.A. 54:5-1, et seq. and/or declare a Default and terminate this Agreement.

Section 4.4 Quarterly Installments / Interest

The Entity expressly agrees that the Annual Service Charge shall be made in quarterly installments on those dates when real estate tax payments are due; subject, nevertheless, to adjustment for over or underpayment within thirty (30) days after the close of each calendar year. In the event that the Entity fails to pay the Annual Service Charge or any other charge due under this agreement, the unpaid amount shall bear the highest rate of interest permitted in the case of unpaid taxes or tax liens on the land until paid in full.

Section 4.5 Administrative Fee

The Entity shall also pay an annual Administrative Fee to the City in addition to the Annual Service Charge and Land Tax levy. The Administrative Fee shall be calculated as half of one (2%) percent of each prior year's Annual Service Charge. This fee shall be payable and due on or before December 31st of each year, and collected in the same manner as the Annual Service Charge.

Section 4.6 Affordable Housing Contribution and Remedies

A. **Contribution.** The Entity will pay the City the sum of \$67,532 or [\$1.50 per square foot of commercial space] as a contribution. The sum shall be due and payable as follows:

- i. 1/3 on or before the effective adoption date of the Ordinance approving the tax exemption;
- ii. 1/3 on or before the issuance of the first of any construction permit for the Project, but no later than six months after the date of the Financial Agreement; and

- iii. 1/3 on or before the date the first of any Certificate of Occupancy is issued for the Project, but no later than twenty-four (24) months after the date of the Financial Agreement.

Section 4.7 Material Conditions

It is expressly agreed and understood that the timely payments of Land Taxes, Minimum Annual Service Charges, Annual Service Charges, including Annual Net Profits and any adjustments thereto, Administrative Fees, Affordable Housing Contributions, and any interest thereon, are Material Conditions of this Agreement.

ARTICLE V - PROJECT EMPLOYMENT AND CONTRACTING AGREEMENT

Section 5.1 Project Employment and Contracting Agreement

In order to provide City residents and businesses with certain employment and other economic related opportunities, the Entity is subject to the terms and conditions of the Project Employment and Contracting Agreement, attached hereto as Exhibit 8.

ARTICLE VI - CERTIFICATE OF OCCUPANCY

Section 6.1 Certificate of Occupancy

It is understood and agreed that it shall be the obligation of the Entity to obtain all Certificates of Occupancy in a timely manner so as to complete construction in accordance with the proposed construction schedule attached hereto as Exhibit 5. The failure to secure the Certificates of Occupancy shall subject the Property to full taxation for the period between the date of Substantial Completion and the date the Certificate of Occupancy is obtained.

Section 6.2 Filing of Certificate of Occupancy

It shall be the primary responsibility of the Entity to forthwith file with both the Tax Assessor and the Tax Collector a copy of each Certificate of Occupancy.

Failure of the Entity to file such issued Certificate of Occupancy as required by the preceding paragraph, shall not militate against any action or non-action, taken by the City, including, if appropriate retroactive billing with interest for any charges determined to be due, in the absence of such filing by the Entity.

Section 6.3 Construction Permits

The estimated construction cost disclosed by the Entity's application and proposed

Financial Agreement may, at the option of the City, be used as the basis for the construction cost in the issuance of any construction permit for the Project.

ARTICLE VII - ANNUAL REPORTS

Section 7.1 Accounting System

The Entity agrees to maintain a system of accounting and internal controls established and administered in accordance with generally accepted accounting principles.

Section 7.2 Periodic Reports

A. Auditor's Report: Within ninety (90) days after the close of each fiscal or calendar year, depending on the Entity's accounting basis that the Agreement shall continue in effect, the Entity shall submit to the Mayor and Municipal Council and the NJ Division of Local Government Services in the Department of Community Affairs, its Auditor's Report for the preceding fiscal or calendar year. The Auditor's Report shall include, but not be limited to gross revenue, and the terms and interest rate on any mortgage(s) associated with the purchase or construction of the Project and such details as may relate to the financial affairs of the Entity and to its operation and performance hereunder, pursuant to the Law and this Agreement. The Report shall clearly identify and calculate the Net Profit for the Entity during the previous year, the excess of which shall be paid to the City each year an excess profit is generated.

B. Total Project Cost Audit: Within ninety (90) days after Substantial Completion of the Project, the Entity shall submit to the Mayor, Municipal Council, the Tax Collector and the City Clerk, who shall advise those municipal officials required to be advised, an audit of Total Project Cost, including but not limited to an audit of actual construction costs as certified by the Project architect.

C. Disclosure Statement: On the anniversary date of the execution of this Agreement, and each and every year thereafter while this agreement is in effect, the Entity shall submit to the Municipal Council, the Tax Collector and the City Clerk, who shall advise those municipal officials required to be advised, a Disclosure Statement listing the persons having an ownership interest in the Project, and the extent of the ownership interest of each and such additional information as the City may request from time to time. All disclosures shall include ownership interests of the individual persons owning any corporate interest in the Entity.

Section 7.3 Inspection/Audit

The Entity shall permit the inspection of its property, equipment, buildings and other facilities of the Project and, if deemed appropriate or necessary, any other related Entity by representatives duly authorized by the City or the NJ Division of Local Government Services in the Department of Community Affairs. It shall also permit, upon request, examination and audit of its books, contracts, records, documents and papers. Such examination or audit shall be made during the reasonable hours of the business day, in the presence of an officer or agent designated by the Entity for any year during which the tax exemption financial agreement was in full force and effect.

All costs incurred by the City to conduct a review of the Entity's audits, including reasonable attorneys' fees if appropriate, shall be billed to the Entity and paid to the City as part of the Entity's Annual Service Charge. Delinquent payments shall accrue interest at the same rate as for a delinquent service charge.

ARTICLE VIII- LIMITATION OF PROFITS AND RESERVES

Section 8.1 Limitation of Profits and Reserves

During the period of tax exemption as provided herein, the Entity shall be subject to a limitation of its profits pursuant to the provisions of N.J.S.A. 40A:20-15.

The Entity shall have the right to establish a reserve against vacancies, unpaid rentals, and reasonable contingencies in an amount equal to five (5%) percent of the Gross Revenue of the Entity for the last full fiscal year preceding the year and may retain such part of the Excess Net Profits as is necessary to eliminate a deficiency in that reserve, as provided in N.J.S.A. 40A:20-15. The reserve is to be non-cumulative, it being intended that no further credits thereto shall be permitted after the reserve shall have attained the allowable level of five (5%) percent of the preceding year's Gross Revenue.

Section 8.2 Annual Payment of Excess Net Profit

In the event the Net Profits of the Entity, in any year, exceeds the Allowable Net Profits for such year, then the Entity, within one hundred and twenty (120) days after the end of the year, shall pay such excess Net Profits to the City as an additional annual service charge; provided, however, that the Entity may maintain a reserve as determined pursuant to

aforementioned paragraph 8.1. The calculation of the Entity's Excess Net Profits shall be calculated annually and shall include those project costs directly attributable to site remediation and cleanup expenses and any other costs excluded in the definition of Total Project Cost in Section 1.2 (xx) of this Agreement even though those costs may have been deducted from the project costs for purposes of calculating the annual service charge.

Section 8.3 Payment of Reserve/ Excess Net Profit Upon Termination, Expiration or Sale

The date of termination, expiration or sale shall be considered to be the close of the fiscal year of the Entity. Within ninety (90) days after such date, the Entity shall pay to the City the amount of the reserve, if any, maintained by it pursuant to this section and the balance of the Excess Net Profit, if any.

ARTICLE IX - ASSIGNMENT AND/OR ASSUMPTION

Section 9.1 Approval of Sale

Any sale or transfer of the Project, shall be void unless approved in advance by Ordinance of the Municipal Council. It is understood and agreed that the City, on written application by the Entity, will not unreasonably withhold its consent to a sale of the Project and the transfer of this Agreement provided 1) the new Entity does not own any other Project subject to long term tax exemption at the time of transfer; 2) the new Entity is formed and eligible to operate under the Law; 3) the Entity is not then in default of this Agreement or the Law; 4) the Entity's obligations under this Agreement are fully assumed by the new Entity; 5) the Entity pays in full the maximum transfer fee, 2% of the Annual Service Charge, as permitted by N.J.S.A. 40A:20-10(d); and 6) as to projects that are not Substantially Complete, the Entity is comprised of principals possessing substantially the same or better financial qualifications and credit worthiness as the Entity.

Nothing herein shall prohibit any transfer of the ownership interest in the Entity itself provided that the transfer, if greater than 10%, is disclosed to the City in the annual disclosure statement or in correspondence sent to the City in advance of the filing of the annual disclosure statement.

Section 9.2 Transfer Application Fee

Where the consent or approval of the City is sought for approval of a change in ownership or sale or transfer of the Project, the Entity shall be required to pay to the City a new tax exemption application fee for the legal and administrative services of the City, as it relates to the review, preparation and/or submission of documents to the Municipal Council for appropriate action on the requested assignment. The fee shall be non-refundable.

ARTICLE X - COMPLIANCE

Section 10.1 Operation

During the term of this Agreement, the Project shall be maintained and operated in accordance with the provisions of the Law. Operation of Project under this Agreement shall not only be terminable as provided by N.J.S.A. 40A:20-1, et seq., as amended and supplemented, but also by a Default under this Agreement. The Entity's failure to comply with the Law shall constitute a Default under this Agreement and the City shall, among its other remedies, have the right to terminate the tax exemption.

Section 10.2 Disclosure of Lobbyist Representative

During the term of this Agreement, the Entity must comply with Executive Order 2013-004, and Ordinance 02-075, requiring Written Disclosure of Lobbyist Representative Status. The Entity's failure to comply with the Executive Order or the Ordinance shall constitute a Default under this Agreement and the City shall, among its other remedies, have the right to terminate the tax exemption.

ARTICLE XI - DEFAULT

Section 11.1 Default

Default shall be failure of the Entity to conform with the terms of this Agreement or failure of the Entity to perform any obligation imposed by the Law, beyond any applicable notice, cure or grace period.

Section 11.2 Cure Upon Default

Should the Entity be in Default, the City shall send written notice to the Entity of the Default [Default Notice]. The Default Notice shall set forth with particularity the basis of the alleged Default. The Entity shall have thirty (30) days, from receipt of the Default Notice, to cure any Default which shall be the sole and exclusive remedy available to the Entity. However,

if, in the reasonable opinion of the City, the Default cannot be cured within sixty (60) days using reasonable diligence, the City will extend the time to cure.

Subsequent to such thirty (30) days, or any approved extension, the City shall have the right to terminate this Agreement in accordance with Section 12.1.

Should the Entity be in default due to a failure to pay any charges defined as Material Conditions in Section 4.7, or a sale of the Project occurs without the consent of the City, the Entity shall not be subject to the default procedural remedies as provided herein but shall allow the City to proceed immediately to terminate the Agreement as provided in Article XII herein.

Section 11.3 Remedies Upon Default

The City shall, among its other remedies, have the right to proceed against the property pursuant to the In Rem Tax Foreclosure Act, N.J.S.A. 54:5-1, et seq. In order to secure the full and timely payment of the Annual Service Charge, the City on its own behalf, or on behalf of the Trustee, reserves the right to prosecute an In Rem Tax Foreclosure action against the Project Area in accordance with Applicable Law, as more fully set forth in this Financial Agreement.

In addition, the City may declare a Default and terminate this Agreement. Any default arising out of the Entity's failure to pay Land Taxes, the Minimum Annual Service Charge, Administrative Fees, Affordable Housing Contribution, or the Annual Service Charges shall not be subject to the default procedural remedies as provided herein, but shall allow the City to proceed immediately to terminate the Agreement as provided herein. All of the remedies provided in this Agreement to the City, and all rights and remedies granted to it by law and equity shall be cumulative and concurrent. No termination of any provision of this Agreement shall deprive the City of any of its remedies or actions against the Entity because of its failure to pay Land Taxes, the Minimum Annual Service Charge, Annual Service Charge, Affordable Housing Contribution or Administrative Fees. This right shall apply to arrearages that are due and owing at the time or which, under the terms hereof, would in the future become due as if there had been no termination. Further, the bringing of any action for Land Taxes, the Minimum Annual Service Charge, the Annual Service Charge, Affordable Housing Contribution, Administrative Fees, or for breach of covenant or the resort to any other remedy herein provided for the recovery of Land Taxes shall not be construed as a waiver of the rights to terminate the

tax exemption or proceed with a tax sale or Tax Foreclosure action or any other specified remedy.

In the event of a Default on the part of the Entity to pay any charges set forth in Article IV, the City among its other remedies, reserves the right to proceed against the Entity's land and property, in the manner provided by the In Rem Foreclosure Act, and any act supplementary or amendatory thereof. Whenever the word taxes appear, or is applied, directly or impliedly to mean taxes or municipal liens on land, such statutory provisions shall be read, as far as is pertinent to this Agreement, as if the charges were taxes or municipal liens on land.

ARTICLE XII- TERMINATION

Section 12.1 Termination Upon Default of the Entity

In the event the Entity fails to cure or remedy the Default within the time period provided in Section 11.2, the City may terminate this Agreement upon thirty (30) days written notice to the Entity [Notice of Termination].

Section 12.2 Voluntary Termination by the Entity

The Entity may notify the City that it will relinquish its status as a tax exempt Project, after the expiration of one year from the Substantial Completion of the Project, as of the January 1st of the year next ensuing. The Notice of Voluntary Termination must be received by the City no later than October 1st of the tax year preceding the calendar year in which the termination is to occur. As of the date so set, the tax exemption, the Annual Service Charges and the profit and dividend restrictions shall terminate. However, under no circumstances will the Entity be entitled to any refund, in whole or in part, of any funds paid to the City to obtain the tax exemption, including but not limited to the Affordable Housing Contribution. In addition, the due date for all Affordable Housing Contribution and any other fees that the Entity agreed to pay under this Agreement, shall be accelerated so that all fees to be paid shall be due on January 1st as a condition precedent of the voluntary termination.

Section 12.3 Final Accounting

Within ninety (90) days after the date of termination, whether by affirmative action of the Entity or by virtue of the provisions of the Law or pursuant to the terms of this Agreement, the Entity shall provide a final accounting and pay to the City the reserve, if any, pursuant to the

provisions of N.J.S.A. 40A:20-13 and 15 as well as any remaining excess Net Profits. For purposes of rendering a final accounting the termination of the Agreement shall be deemed to be the end of the fiscal year for the Entity.

Section 12.4 Conventional Taxes

Upon Termination or expiration of this Agreement, the tax exemption for the Project shall expire and the land and the Improvements thereon shall thereafter be assessed and conventionally taxed according to the general law applicable to other nonexempt taxable property in the City.

ARTICLE XIII - DISPUTE RESOLUTION

Section 13.1 Arbitration

In the event of a breach of the within Agreement by either of the parties hereto or a dispute arising between the parties in reference to the terms and provisions as set forth herein, either party may apply to the Superior Court of New Jersey by an appropriate proceeding, to settle and resolve the dispute in such fashion as will tend to accomplish the purposes of the Law. In the event the Superior Court shall not entertain jurisdiction, then the parties shall submit the dispute to the American Arbitration Association in New Jersey to be determined in accordance with its rules and regulations in such a fashion to accomplish the purpose of the Long Term Tax Exemption Law. The cost for the arbitration shall be borne by the Entity. The parties agree that the Entity may not file an action in Superior Court or with the Arbitration Association unless the Entity has first paid in full all charges defined in Section 4.7 as Material Conditions.

Section 13.2 Appeal of Assessment

In calculating the amount of the Staged Adjustments that is, taxes otherwise due, pursuant to Section 4.2 and N.J.S.A. 40A:20-12, either party may file an appeal of the conventional assessment to determine the value of land and improvements.

ARTICLE XIV - WAIVER

Section 14.1 Waiver

Nothing contained in this Financial Agreement or otherwise shall constitute a waiver or relinquishment by the City of any rights and remedies, including, without limitation, the right to terminate the Agreement and tax exemption for violation of any of the conditions provided

herein. Nothing herein shall be deemed to limit the City's right to audit or recover any amount which the City has under law, in equity, or under any provision of this Agreement.

ARTICLE XV - INDEMNIFICATION

Section 15.1 Defined

It is understood and agreed that in the event the City shall be named as party defendant in any action by a third party alleging any breach, default or a violation of any of the provisions of this Agreement and/or the provisions of N.J.S.A. 40A:20-1 et seq., the Entity shall indemnify and hold the City harmless against any and all liability, loss, cost, expense (including reasonable attorneys' fees and costs), arising out of this Agreement. In addition, the Entity expressly waives all statutory or common law defenses or legal principles which would defeat the purposes of this indemnification. The Entity also agrees to defend the suit at its own expense. However, the City maintains the right to intervene as a party thereto, to which intervention the Entity consents; the expense thereof to be borne by the City.

ARTICLE XVI- NOTICE

Section 16.1 Certified Mail

Any notice required hereunder to be sent by either party to the other shall be sent by certified or registered mail, return receipt requested.

Section 16.2 Sent by City

When sent by the City to the Entity the notice shall be addressed to:

Ratan Jersey City Urban Renewal, LLC
1300 Tonnele Avenue
North Bergen, NJ 07047
Attn:

and

unless prior to giving of notice the Entity shall have notified the City in writing otherwise.

In addition, provided the City is sent a formal written notice in accordance with this Agreement, of the name and address of Entity's Mortgagee, the City agrees to provide such Mortgagee with a copy of any notice required to be sent to the Entity.

Section 16.3 Sent by Entity

When sent by the Entity to the City, it shall be addressed to:

City of Jersey City, Office of the City Clerk
City Hall
280 Grove Street
Jersey City, New Jersey 07302,

with copies sent to the Corporation Counsel, the Business Administrator, and the Tax Collector unless prior to the giving of notice, the City shall have notified the Entity otherwise. The notice to the City shall identify the Project to which it relates, (i.e., the Urban Renewal Entity and the Property's Block and Lot number).

ARTICLE XVII-SEVERABILITY

Section 17.1 Severability

If any term, covenant or condition of this Agreement or the Application, except a Material Condition, shall be judicially declared to be invalid or unenforceable, the remainder of this Agreement or the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term, covenant or condition of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

If a Material Condition shall be judicially declared to be invalid or unenforceable and provided the Entity is not in Default of this Agreement, the parties shall cooperate with each other to take the actions reasonably required to restore the Agreement in a manner contemplated by the parties and the Law. This shall include, but not be limited to the authorization and re-execution of this Agreement in a form reasonably drafted to effectuate the original intent of the parties and the Law. However, the City shall not be required to restore the Agreement if it would modify a Material Condition, the amount of the periodic adjustments or any other term of this Agreement which would result in any economic reduction or loss to the City.

ARTICLE XVIII - MISCELLANEOUS

Section 18.1 Construction

This Agreement shall be construed and enforced in accordance with the laws of the State of New Jersey, and without regard to or aid of any presumption or other rule requiring construction against the party drawing or causing this Agreement to be drawn since counsel for

both the Entity and the City have combined in their review and approval of same.

Section 18.2 Conflicts

The parties agree that in the event of a conflict between the Application and the language contained in the Agreement, the Agreement shall govern and prevail. In the event of conflict between the Agreement and the Law, the Law shall govern and prevail.

Section 18.3 Oral Representations

There have been no oral representations made by either of the parties hereto which are not contained in this Agreement. This Agreement, the Ordinance authorizing the Agreement, and the Application constitute the entire Agreement between the parties and there shall be no modifications thereto other than by a written instrument approved and executed by both parties and delivered to each party.

Section 18.4 Entire Document

This Agreement and all conditions in the Ordinance of the Municipal Council approving this Agreement are incorporated in this Agreement and made a part hereof.

Section 18.5 Good Faith

In their dealings with each other, utmost good faith is required from the Entity and the City.

Section 18.6 Pending Litigation

The Entity fully and freely holds the City harmless and assumes any risk that may effect the present or future validity of the within financial agreement, arising from any other litigation.

ARTICLE XIX - EXHIBITS

Section 19 Exhibits

The following Exhibits are attached hereto and incorporated herein as if set forth at length herein:

1. Metes and Bounds description of the Project;
2. Ordinance of the City authorizing the execution of this Agreement;
3. The Application with Exhibits;
4. Certificate of the Entity;
5. Estimated Construction Schedule;

6. The Financial Plan for the undertaking of the Project;
7. Good Faith Estimate of Initial Rents;
8. Project Employment and Contracting Agreement;
9. Architect's Certification of Actual Construction Costs.
10. Entity's Deed [or Lease]

IN WITNESS WHEREOF, the parties have caused these presents to be executed the day and year first above written.

WITNESS:

**RATAN JERSEY CITY
URBAN RENEWAL, LLC**

Maheschand Ratanji

ATTEST:

CITY OF JERSEY CITY

**ROBERT BYRNE
CITY CLERK**

**ROBERT J. KAKOLESKI
BUSINESS ADMINISTRATOR**

PROJECT EMPLOYMENT & CONTRACTING AGREEMENT

This Project Employment & Contracting Agreement is made as of the __ day of __, 2015, between the **CITY OF JERSEY CITY** [City] having its principal office at 280 Grove Street, Jersey City, NJ 07302, and **RATAN JERSEY CITY URBAN RENEWAL, LLC** [Recipient], having its principal office at 1300 Tonnele Avenue, North Bergen, NJ 07047.

I. Definitions:

The following words and terms, when used in this agreement, shall have the following meanings unless the context clearly indicates otherwise.

1. "City" means the Business Administrator of the City of Jersey City, or his designee, including any person or entity which enters into an agreement with the City to implement, in whole or in part, this agreement.
2. "Contractor" means any party performing or offering to perform a prime contract on behalf of the Recipient.
3. Construction Contract means any agreement for the erection, repair, alteration or demolition of any building, structure, bridge, roadway or other improvement on a Project Site.
4. "DEO" means the Division of Economic Opportunity under the Department of Administration, located at 280 Grove Street. DEO is in charge of Project Employment & Contracting coordination and monitoring on projects receiving abatements.
5. "Economic Incentive" means a tax abatement or tax exemption for a property or project which requires approval of the Municipal Council.
6. "Employment" includes positions created as a result of internal promotions, terminations, or expansions within the Recipient's work force which are to be filled by new employees. However, positions filled through promotion from within the Recipient's existing work force are not covered positions under this agreement.
7. Jersey City Employment and Training Corporation or "JCEPT" means the non-profit quasi public Entity with whom the City has an operating agreement to undertake certain employment services.
8. "Local Business" means a bona fide business located in Jersey City.
9. "Minority" means a person who is defined as such under federal or state law.

10. "Minority or Woman Owned Local Business" means a bona fide business located in Jersey City which is fifty-one (51%) percent or more owned and controlled by either a Minority or woman.
11. "Non-Traditional Jobs" means jobs which are held by less than twenty (20%) percent women, as reported by the New Jersey Department of Labor and Workforce Development, Division of Labor Market, and Demographic Research for Jersey City, which report shall be on file with the City Clerk.
12. "Permanent Jobs" mean newly created long term salaried positions, whether permanent, temporary, part time or seasonal.
13. "Project or Project Site" means the specific work location or locations specified in the contract.
14. The "Project Employment & Contracting Coordinator" or "Coordinator" is the employee in the Department of Administration presently, the Executive Director of the Jersey City Employment & Training Program, Inc., who is in charge of coordinating Project Employment & Contracting projects. Contractors and developers engaged in projects covered by Project Employment & Contracting Agreements will direct inquiries to the Coordinator. The Coordinator may refer a developer to the JCEPT or its one-stop career center so long as the City and JCEPT agreement is in full force and effect.
15. The "Project Employment & Contracting Monitor" or "Monitor" is the employee in the Department of Administration who is in charge of monitoring the site, collecting the reports and documentation, and other day-to-day Project Employment & Contracting administration as stipulated by this agreement.
16. The "Project Employment & Contracting Officer" or "Officer" is an employee of the Recipient who is designated by the Recipient to make sure the Recipient is in compliance with the Recipient's Project Employment & Contracting agreement.
17. "Recipient" means any individual, partnership, association, organization, corporation or other entity, whether public or private, or for profit or non-profit, or agent thereof, which receives an Economic Incentive and shall include any Contractor, Subcontractor or agent of the Recipient.
18. "The Registry" or "Jersey City Employment Registry" means a data base maintained by the City or its designee, of Jersey City residents seeking employment and Local Businesses, including Minority or Woman Owned Local Businesses, seeking contracts.
19. "Subcontract" means a binding legal relationship involving performance of a contract that is part of a prime contract.
20. "Subcontractor" means a third party that is engaged by the prime Contractor to perform under a subcontract all or part of the work included in an original contract.

21. "Substantial Completion" means the determination by the City that the Project, in whole or in part, is ready for the use intended, which ordinarily shall mean the date on which the Project receives, or is eligible to receive any Certificate of Occupancy for any portion of the Project.

II. Purpose: Construction Jobs, Business Contracting, Permanent Jobs

The City wishes to assure continuing employment opportunities for City residents, particularly residents who are Minorities, and business opportunities for Local Businesses, especially Minority and Women Owned Local Businesses, with employers located in or relocating to the City who are the Recipients of Economic Incentives. The City has determined to accomplish that goal by requiring the Recipient of an Economic Incentive to act in Good Faith, as defined herein, and discharge its obligations under this Agreement. To the extent mandated by State and Federal law and so long as the Entity discharges its Good Faith obligations under this agreement, the City acknowledges that the Recipient and its contractors are free to hire whomever they choose.

Because this project is not subject to the terms of a Project Labor Agreement during construction, this agreement shall apply to all Construction Jobs, Business Contracts and non-construction Permanent Jobs. Recipients are also required to notify any commercial tenants of employment services available from the City.

III. Recipient Designee:

The Recipient shall designate a principal officer of its firm to be responsible for administering the agreement detailed herein and to report to and confer with the City in order to discharge its Good Faith obligations as defined in this agreement. This officer should be designated as the Project Employment & Contracting Officer.

The Recipient shall send a letter designating its "Project Employment & Contracting Compliance Officer" to the Project Employment & Contracting Coordinator prior to any preconstruction meetings. An example of this letter can be found in Appendix 1. This Officer should also be present for all preconstruction meetings.

The Recipient should send a letter regarding the "Project Employment & Contracting Compliance Officer" to the employees of the Recipient's company. An example of this letter can be found in Appendix 2.

IV. Term:

This agreement shall be in effect for a period co-terminus with the effective period of the tax exemption [the Economic Incentive]. Thus, it will commence on the date the City Council adopted Ordinance _____, approving the tax exemption and terminate the earlier of 33 years from the date of the adoption of that Ordinance or 30 years from the date of Substantial Completion of the Project.

V. **Good Faith Goals:**

In the event the Recipient is able to demonstrate that its work force already meets the goals set forth below or is able to meet such goals during the term of this agreement, the Recipient shall only be required to submit the periodic certified manning and certified payroll reports described below to confirm ongoing compliance. All other Recipients must comply with the following Good Faith goals.

1. **Employment (Construction and Permanent Jobs):** The Recipient shall make a Good Faith effort to achieve the goal of a work force representing fifty-one (51%) percent City residents, fifty-one (51%) percent of whom are residents who are Minorities and, in Non-Traditional Jobs, six point nine (6.9%) percent of whom are residents who are women, it being understood that one employee may satisfy more than one category.
2. **Business Contracting:** The Recipient shall make a Good Faith effort to achieve the goal of awarding twenty (20%) percent of the dollar amount of its contracts to Local Businesses, fifty-one (51%) percent of which shall be Minority or Women Owned Local Businesses. If fifty-one (51%) percent of Minority or Women Owned Local Businesses cannot be obtained, that percentage of contracts must still be applied to local vendors.

VI. **Good Faith Defined. Construction Jobs:**

1. **Construction Jobs:** Good Faith shall mean compliance with all of the following conditions:

A. Initial Manning Report:

- i) Prior to the commencement of their work on the Project, each Contractor /Subcontractor shall prepare an Initial Manning Report.
- ii) The Initial Manning Report should contain an estimate of the total hours in each construction trade or craft and the number of hours to be worked by City residents, including a list of the number of minority residents and women residents that will work in each trade or craft, including the work hours to be performed by such employees of any and all Contractors and Subcontractors. Attached hereto as Appendix B is the Recipient's Initial Manning Report.
- iii) The Initial Manning Report shall be filed with the Project Employment and Contracting Monitor, who must accept said Report prior to the Recipient entering into any construction contract. An example of this acceptance letter is given in Appendix C.

B. Developer's Contracting Obligations

- i) Once the developer submits the project's initial manning report, he/she must forward a letter with requests for quotation or bid to Mayor Steven M. Fulop's Business Cooperative Program for local and minority vendors for any

construction or building operating goods, services and sub-contracting opportunities. An example of this letter is given in Appendix D.

- ii) The developer shall make a good faith effort to contact those businesses and individuals who submit bids. This effort must be documented by letter, which will be sent to Mayor Steven M. Fulop's Business Cooperative Program at DEO under the Department of Administration. An example of this letter can be found in Appendix D2.

C. Contractor's/Subcontractor's Compliance Statement

Prior to commencement of their work on the Project, each Contractor or Subcontractor must agree in writing to comply with this agreement and the employment goals elaborated herein. An example of this Compliance Statement can be found in Appendix E.

D. Union Statement of Using Its Best Efforts

- i) Prior to commencement of their work on the Project, the contractor/subcontractor must submit a statement expressing its adherence to the Project Employment & Contracting Agreement to each union with which he/she has a collective bargaining agreement covering workers to be employed on the project.
- ii) The Compliance Statement shall include a union statement for the particular union to sign, which claims the union will use its best efforts to comply with the employment goals articulated in the Project Employment & Contracting agreement. This compliance statement is detailed in Appendix F. A copy of the signed compliance statement must be sent to the Project Employment & Contracting Monitor in DEO under the Department of Administration before work starts in order for a developer to be in compliance.
- iii) The Recipient will require the Contractor or Subcontractor to promptly notify the City of any refusal or failure of a union to sign the statement. If a particular union refuses to sign a statement, the Recipient will document its efforts to obtain such statement and the reasons given by the union for not signing such statement, and submit such documentation to the Project Employment & Contracting Monitor in DEO under the Department of Administration.

E. Sub-Contractors

The developer shall require that each prime contractor be responsible for the compliance of his/her subcontractors with the aforementioned Project Employment & Contracting requirements during the performance of the contract. Whenever the contractor sub-contracts a portion of the work on the project, the contractor shall bind the subcontractor to the obligations contained in these supplemental conditions to the full extent as if he/she were the contractor.

F. Union Apprentices

The contractor is responsible for assuring that resident and minority apprentices account for at least fifty (50%) percent of the total hours worked by union apprentices on the job in each trade listed in which apprentices are employed, according to the apprentice-to-journey-worker ratio contained in the collective bargaining agreement between the various unions, and shall hold each of his/her subcontractors to this requirement. The Recipient will require the contractor or subcontractor to promptly notify the City of any refusal of a union to utilize resident and minority apprentices.

G. Monthly Manning Report

- i) The Recipient will cause the Contractor to complete and submit Monthly Project Manning Reports to the Project Employment & Contracting Monitor in DEO under the Department of Administration by the seventh day of the month following the month during which the work is performed, for the duration of the contract.
- ii) The report will accurately reflect the total hours in each construction trade or craft and the number of hours worked by City residents, including a list of the number of minority resident and women resident workers in each trade or craft, and will list separately the work hours performed by such employees of the Contractor and each of its Subcontractors during the previous month. The Monthly Manning Report shall be in the form attached hereto as Appendix G.
- iii) The Recipient is responsible for maintaining or causing the Contractor to maintain records supporting the reported work hours of its Contractors or Subcontractors.

H. Monthly Certified Payroll Report

- i) The Recipient will cause the Contractor to furnish the Project Employment & Contracting Monitor with copies of its weekly Certified Payroll reports. The reports will specify the residence, gender and ethnic/racial origin of each worker, work hours and rate of pay and benefits provided. The Certified Payroll report shall be in the form attached hereto as Appendix H.
- ii) Payroll reports must be submitted on a monthly basis with the Monthly Manning Report or the Recipient is no longer in compliance.

I. Equal Employment Opportunity Reports

Prior to commencement of work on the Project, the Recipient will request copies of the most recent Local Union Report (EEO-3) and Apprenticeship Information Report (EEO-2) which are required to be filed with the US Commission of Equal Employment Opportunity Commission by the collective bargaining unit. These reports will be forwarded to the Project Employment & Contracting Monitor within one month of the signing of the Project Employment & Contracting Agreement.

J. Other Reports

In addition to the above reports, the Recipient shall furnish such reports or other documents to the City as the City may request from time to time in order to carry out the purposes of this agreement.

K. Records Access

The Recipient will insure that the City will have reasonable access to all records and files reasonably necessary to confirm the accuracy of the information provided in the reports.

L. Work Site Access For Monitor

- i) The City will physically monitor the work sites subject to this agreement to verify the accuracy of the monthly reports. Each work site will be physically monitored approximately once every two weeks, and more frequently if it is deemed reasonably necessary by the City. The City's findings shall be recorded in a "Site Visit Report." An example of a bi-weekly site visit report can be found in Appendix I.
- ii) The Recipient shall require the Contractor and Sub-contractor to cooperate with the City's site monitoring activities and inform the City as to the dates they are working at the Project site. This includes specifically instructing the on-site construction manager about the monitoring process, and informing him/her that the monitor will contact him/her to set up an initial meeting. In the case of projects with multiple locations, the Recipient shall inform the City of the dates they are working at each site location(s) where they are working, in order to facilitate the monitoring.

VII. Good Faith Defined. Permanent Jobs:

1. **Permanent Jobs:** Good Faith shall mean compliance with all of the following conditions:

- A. Pre-hiring Job Awareness: At least eight (8) months prior to the hiring of a Recipient's permanent workforce, the Project Employment & Contracting officer for the Recipient will meet with the Coordinator, including the director of JCETP to discuss how the Recipient plans to hire its permanent workforce. The following issues should be covered in this meeting:
 - i) whether subcontractors will be used in the hiring process.
 - ii) the specific types of jobs that need to be filled.
 - iii) the qualifications needed for these particular jobs.
 - iv) possible training programs offered by the permanent employer.
 - v) the Recipient's goals and how it plans to meet these goals.
 - vi) any other issues which need to be addressed.

- B. Subcontractor Notification -- If the Recipient decides to subcontract any portion or all of its permanent workforce, then the Recipient must receive a signed acknowledgment from the subcontracting party that it will abide by the Project Employment & Contracting Agreement before said subcontractor begins staffing permanent employees. The Recipient must forward a copy of the signed acknowledgment to the Project Employment & Contracting Monitor. An example of this signed acknowledgment can be found in Appendix 3.
- C. Subcontractor Pre-Hiring Job Awareness Meeting -- Each subcontractor hired to staff permanent job positions must appoint a Project Employment & Contracting Officer to meet with the head of the Registry to discuss the same issues presented above in VI 1.A.(i)-(vi) and notify the City.
- D. Subcontractors of Subcontractors--Subcontractors of subcontractors are subject to the same requirements for the initial subcontractors.
- E. Documentation of Hiring Plan--Once the Pre-Hiring Job Awareness Meeting has taken place, the Recipient must put together a document with goals and totals for future permanent employment needs. This plan should summarize all that was discussed in the Pre-Hiring Awareness Meeting, list estimates for manpower needs, set residential and minority employment goals commensurate with the Project Employment & Contracting Agreement, and show how the Recipient plans to meet these goals. An example of this plan is found in Appendix 4.
- F. Pre-Hiring Notification: At least ten (10) working days prior to advertising for any employees, the Recipient or the Recipient's subcontractor shall provide the DEO and the JCEPT with a written notice, which shall state the job title, job description and minimum qualifications, rate of pay, hours of work and the hiring date for each position to be filled, in qualitative and objective terms which will enable the referral of qualified applicants to the Recipient.
- G. Advertisement: At the request of the City, or because the City does not have qualified applicants to refer to the Recipient, the Recipient will place an advertisement for the jobs in a newspaper which is regularly published in Jersey City. The Recipient must furnish the DEO with a copy of this advertisement.
- H. Pre-Hiring Interview: The Recipient shall interview any qualified applicants referred to it pursuant to the agreement. In the event advertisement is required, the Recipient agrees to interview any qualified persons responding to the advertisement.
- I. Monthly Employment Reports: The Recipient will submit written employment reports to the Project Employment & Contracting Monitor in the form to be provided by the City. The report will be submitted on the 1st day of every month. It will describe each job and state whether the job was filled or held by a City resident, minority resident or woman resident and date of hire. The report will explain in writing the reasons why any qualified referred applicant (or in the event advertisement is required, any qualified person responding to the advertisement) was not hired and the reason therefore. The form of this

report shall be in substantially the form found in Appendix 5, subject to such revision as the City deems appropriate and reasonable. Monthly reports may be extended to semi-annually reports once the initial workforce is hired.

- J. Record Access: The Recipient shall provide the City with reasonable access to all files and records including payroll and personnel information reasonably necessary to confirm the accuracy of the information set forth in the semi-annual reports.
- K. Work Place Access: The Recipient shall provide the City with reasonable access to the site to physically monitor the work site to verify the accuracy of the information set forth in the any reports.
- L. Other Reports, Documents: In addition to the above reports, the Recipient shall furnish such reports or other documents that the City may request from time to time in order to implement the purposes of this agreement.
- M. Incorporation of Agreement: The Recipient shall incorporate the provisions of this Agreement in all contracts, agreements and purchase orders for labor with any service, maintenance, security or management agent or Contractor engaged by the Recipient whose personnel will be assigned to the Recipient project.

VIII. Good Faith Defined. Business Contracts

- A. Good Faith shall mean compliance with all of the following conditions:
 - i) Solicitation of Businesses:
 - a) One month before the solicitation for any goods or services, the Recipient must forward a letter with a description of the goods or services to the Project Employment and Contracting Coordinator;
 - b) The Recipient shall provide the City with a written Purchasing Report every month. The form of this report shall be in substantially the form found in Appendix 6.
 - c) Pre-Hiring Notification: At least ten (10) working days prior to advertising for any employees, the Recipient or the Recipient's subcontractor shall provide the DEO and the JCEPT with a written notice, which shall state the job title, job description and minimum qualifications, rate of pay, hours of work and the hiring date for each position to be filled, in qualitative and objective terms which will enable the referral of qualified applicants to the Recipient.
 - d) Advertisement: At the request of the City, or because the City does not have qualified applicants to refer to the Recipient, the Recipient will place an advertisement for the jobs in a newspaper which is regularly published in Jersey City. The Recipient must furnish the DEO with a copy of this advertisement.

- e) Pre-Hiring Interview: The Recipient shall interview any qualified applicants referred to it pursuant to the agreement. In the event advertisement is required, the Recipient agrees to interview any qualified persons responding to the advertisement.
- f) Monthly Employment Reports: The Recipient will submit written employment reports to the Project Employment & Contracting Monitor in the form to be provided by the City. The report will be submitted on the 1st day of every month. It will describe each job and state whether the job was filled or held by a City resident, minority resident or woman resident and date of hire. The report will explain in writing the reasons why any qualified referred applicant (or in the event advertisement is required, any qualified person responding to the advertisement) was not hired and the reason therefore. The form of this report shall be in substantially the form found in Appendix 5, subject to such revision as the City deems appropriate and reasonable. Monthly reports may be extended to semi-annually reports once the initial workforce is hired.
- g) Record Access: The Recipient shall provide the City with reasonable access to all files and records including payroll and personnel information reasonably necessary to confirm the accuracy of the information set forth in the semi-annual reports.
- h) Work Place Access: The Recipient shall provide the City with reasonable access to the site to physically monitor the work site to verify the accuracy of the information set forth in the any reports.
- i) Other Reports, Documents: In addition to the above reports, the Recipient shall furnish such reports or other documents that the City may request from time to time in order to implement the purposes of this agreement.
- j) Incorporation of Agreement: The Recipient shall incorporate the provisions of this Agreement in all contracts, agreements and purchase orders for labor with any service, maintenance, security or management agent or Contractor engaged by the Recipient whose personnel will be assigned to the Recipient project.

B. The Recipient pledges not to use local and local minority vendors solely as conduits for vendors that are not local and minority owned. Any discovery by Project Employment and Contracting Monitor of a Recipient, using the masthead of a local or minority owned business as a way to get credit for local or minority employment when it should not, will immediately subject the Recipient to the penalties listed in Section VIII (d) below.

IX. Good Faith Defined. Commercial Tenants at the Project Site

Good Faith shall mean compliance with all of the following conditions:

- A. The Recipient shall send all tenants of commercial space, including retail space, within the Project Site a Tenant Employment Services Guide in the form attached as Appendix 7.
- B. The Recipient shall require tenants of commercial, including any retail space to complete an annual questionnaire concerning the composition of the work force of each tenant. The completed questionnaire be submitted to the Project Employment & Contracting Monitor. The questionnaire shall be in the form attached as Appendix 8.
- C. The Recipient will send the results of its solicitation to the Project Employment & Contracting Monitor no later than December 1st of each year.

X. Notices of Violation:

- 1. Advisory Notice: The City will issue a written Advisory Notice to the Recipient if there is non-compliance with a Good Faith requirement as defined in this agreement. The Advisory Notice shall explain in sufficient detail the basis of the alleged violation. The Recipient shall have 7 days to correct the violation.
- 2. Violation Notice: If the alleged violation set forth in the Advisory Notice has not been corrected to the satisfaction of the City the City shall issue a Violation Notice to the Recipient. The Violation Notice shall explain in sufficient detail the basis of the alleged, continuing violation. The Recipient will have three (3) working days to correct the violation.
- 3. Correcting the Violation: Either or both the Advisory Notice or the Violation Notice may be considered corrected if the Recipient satisfies the requirements of this agreement and so advises the City in writing, subject to confirmation by the City.
- 4. Extension of Time to Correction: Either the Advisory Notice or the Violation Notice may be held in abeyance and the time for correction extended if the Recipient enters into satisfactory written agreement with the City for corrective action which is designed to achieve compliance. If Recipient fails to abide by the terms of such agreement the violation will be considered not corrected.

If the City determines that the Recipient is in violation after the expiration of the cure periods, the Recipient agrees that the City shall be entitled to the liquidated damages provided below.

XI. Liquidated Damages:

- 1. While reserving any other remedies the City may have at law or equity for a material breach of the above terms and conditions, the parties agree that damages for violations of this agreement by the Recipient cannot be calculated within any reasonable degree of mathematical certainty. Therefore, the parties agree that upon the occurrence of a material breach of any of the above terms and conditions and after notice and expiration

of any cure period, the City will be entitled to liquidated damages from the Recipient in the following amounts:

- A. Failure to file Initial Manning Report (Construction Jobs) or Pre-Hiring Notification (Permanent Jobs) or Pre-Contracting Notification (Business Contracts): an amount equal to Five percent (5%) increase in the estimated annual service charge as set forth in the Financial Agreement for each quarter or part thereof that the Recipient is non compliant.
- B. Failure to conduct Pre-hiring Interviews or submit Compliance Statement (Submit description of goods or services, (Business Contracting): an amount equal to Three (3%) percent of the estimated annual service charge as set forth in the Financial Agreement for each quarter or part thereof that the Recipient is non compliant.
- B. Failure to allow record or work place access or submit any other required reports (all categories): an amount equal to Three (3%) percent increase service charge as set forth in the Financial Agreement for each quarter or part thereof that the Recipient is non compliant.
- C. The use of the local or local minority business' masthead for labor or work supplied by a non local or local minority vendor: An amount equal to Ten (10%) service charge as set forth in the Financial Agreement for each quarter or part thereof, the Recipient is non compliant.

XII. Notices

Any notice required hereunder to be sent by either party to the other, shall be sent by certified mail, return receipt requested, addressed as follows:

1. When sent by the City to the Recipient it shall be addressed to:

Ratan Jersey City Urban Renewal, LLC
1300 Tonnele Avenue
North Bergen, NJ 07047
Att:

and

2. When sent by the Recipient to the City, it shall be addressed to:

City of Jersey City
Department of Administration
Division of Economic Opportunity
Project Employment & Contracting Monitor
280 Grove Street
Jersey City, New Jersey 07302
Att: Division Director

and

Director of Jersey City Employment and Training Program, Inc
895 Bergen Avenue—2nd Floor
Jersey City, NJ 07306
Att: Executive Director

with separate copies to the Mayor and the Business Administrator.

XIII. Appendix

These forms are examples only and shall be in substantially the form on file in the Division of Economic Opportunity, subject to modifications from time to time by the City as necessary or appropriate.

1. Letter designating Recipient's Project Employment & Contracting Officer
2. Letter from Recipient to Employees of Recipient's Company
3. Acknowledgment of PECA compliance of Subcontractor
4. Example of Hiring Plan
5. Example of Monthly Employment Report
6. Example of Monthly Purchasing Report
7. Tenant Employment Services Guide
8. Commercial Retail Annual Questionnaire

XIV. Adoption, Approval, Modification:

This agreement shall take effect on the date that the Economic Incentive is approved by the Municipal Council.

XII. Controlling Regulations and Laws:

To the extent required by State and Federal Law and so long as the Entity discharges its Good Faith obligations under this agreement, the City agrees and acknowledges that the Recipient and its contractors are free to hire whomever they choose. If this agreement conflicts with any collective bargaining agreement, the City agrees to defer to such agreements so long as the Recipient provides the City with a copy of the offending provision in the collective bargaining agreement.

In the event there are any conflicts between this Agreement and any Project Labor Agreement, then as it pertains to construction jobs covered by the PLA, the Project Labor Agreement shall govern. Wherever possible, this Agreement shall be interpreted consistently with the Project Labor Agreement.

ATTEST:

CITY OF JERSEY CITY

Robert Byrne
City Clerk

Robert J. Kakoleski
Business Administrator

WITNESS:

RATAN JERSEY CITY URBAN RENEWAL, LLC

Secretary

Maheschand Ratanji, President

City Clerk File No. Ord. 15.077

Agenda No. 3.C 1st Reading

Agenda No. _____ 2nd Reading & Final Passage



ORDINANCE OF JERSEY CITY, N.J.

COUNCIL AS A WHOLE
offered and moved adoption of the following ordinance:

CITY ORDINANCE 15.077

TITLE ORDINANCE APPROVING A TWENTY (20) YEAR TAX EXEMPTION FOR A COMMERCIAL HOTEL PROJECT TO BE CONSTRUCTED BY SL HOSPITALITY URBAN RENEWAL, LLC, PURSUANT TO THE PROVISIONS OF THE LONG TERM TAX EXEMPTION LAW N.J.S.A. 40A:20-1 ET SEQ FOR THE PROPERTY DESIGNATED AS BLOCK 7104, LOT 2.01, ON THE CITY'S TAX MAP AND MORE COMMONLY KNOWN BY THE STREET ADDRESS AS 180 FOURTEENTH STREET

THE MUNICIPAL COUNCIL OF THE CITY OF JERSEY CITY DOES ORDAIN:

WHEREAS, SL Hospitality Urban Renewal, LLC, is an urban renewal entity, formed and qualified to do business under the provisions of the Long Term Tax Exemption Law of 2003, N.J.S.A. 40A:20-1 et seq. [Entity]; and

WHEREAS, the Entity is the owner of certain property, subject to a deed recorded on May 15, 2015 and a name change established by an Amended and Restated Certificate of Formation dated January 19, 2015, known as Block 7104, Lot 2.01, a consolidation of Block 7104, Lots 2, 4 and 5, on the City's Official Tax map, consisting of approximately 16,000 square feet of land, and more commonly known by the street address of 180 Fourteenth Street, Jersey City, and more specifically described by metes and bounds, in the application [Property]; and

WHEREAS, the Property is located within the Jersey Avenue Light Rail Redevelopment Plan Area as required by N.J.S.A. 40A:20-4 and N.J.S.A. 40A:12A-5(g); and

WHEREAS, the Entity has applied for a 20 year long term tax exemption to construct a five (5) story building containing approximately 51,596 square feet of hotel space, yielding approximately eighty-seven (87) hotel rooms, and on the first floor 8,784 square feet of space containing the lobby and thirty (30) garage parking spaces; and

WHEREAS, the Project received site plan approval from the Planning Board on September 9, 2014; and

WHEREAS, the Project is expected to generate approximately \$171,477 annually in hotel occupancy taxes for the City; and

WHEREAS, SL Hospitality Urban Renewal, LLC, has agreed to:

1. pay the greater of (i) the Minimum Annual Service Charge or (ii) an annual service charge consisting of 2% of Total Project Cost of the Entity; Total Project Cost shall be defined according to the industry standard set forth by Marshall & Swift, in its Marshall Valuation Service, as modified and set forth in the Financial Agreement by the parties, which sum is estimated to be \$167,294 and which shall be subject to statutory staged increases over the term of the tax exemption; and
2. pay an annual sum equal to 2% of each prior year's Annual Service Charge as an Administrative Fee; and
3. provide employment and other economic opportunities for City residents and businesses; and
4. pay to the City, for remittance to Hudson County, an additional amount equal to 5% of the Annual Service Charge upon receipt of that charge; and

ORDINANCE APPROVING A TWENTY (20) YEAR TAX EXEMPTION FOR A COMMERCIAL HOTEL PROJECT TO BE CONSTRUCTED BY SL HOSPITALITY URBAN RENEWAL, LLC, PURSUANT TO THE PROVISIONS OF THE LONG TERM TAX EXEMPTION LAW N.J.S.A. 40A:20-1 ET SEQ FOR THE PROPERTY DESIGNATED AS BLOCK 7104, LOT 2.01, ON THE CITY'S TAX MAP AND MORE COMMONLY KNOWN BY THE STREET ADDRESS AS 180 FOURTEENTH STREET

5. pay the sum of \$90,570 (\$1.50 x 60,380 square feet of hotel and parking space) to the City's Affordable Housing Trust Fund; and

WHEREAS, the City hereby determines that the relative benefits of the project outweigh the cost of the tax exemption, for the following reasons:

1. the current real estate taxes generate revenue of only \$49,183 whereas, the Annual Service Charge as estimated, will generate revenue of more than \$167,294 to the City;
2. it is expected that the Project will create approximately 155 jobs during construction and 40 new permanent full-time jobs;
3. the Project will stabilize and contribute to the economic growth of businesses in the surrounding area;
4. the Project will further the overall redevelopment objectives of the Jersey Avenue Light Rail Redevelopment Plan Area;
5. the City's impact analysis, on file with the Office of the City Clerk, indicates that the benefits of the Project outweigh the costs to the City; and

WHEREAS, the City hereby determines that the tax exemption is important in obtaining development of the project and influencing the locational decisions of probable occupants for the following reasons:

1. the relative stability and predictability of the Annual Service Charges will make the Project more attractive to investors needed to finance the Project;
2. the relative stability and predictability of the Annual Service Charges will allow the owner to stabilize its operating budget, allowing a high level of maintenance to the building over the life of the Project, which will insure the likelihood of the success of the Project; and

WHEREAS, SL Hospitality Urban Renewal, LLC, has initially complied with Executive Order 2002-005 concerning "Disclosure of Lobbyist Representative Status" by filing an appropriate letter in the Office of the City Clerk.

NOW, THEREFORE, BE IT ORDAINED by the Municipal Council of the City of Jersey City that:

A. The application of SL Hospitality Urban Renewal, LLC, an urban renewal company, formed and qualified to do business under the provisions of the Long Term Tax Exemption Law of 2003, N.J.S.A. 40A:20-1 et seq. a copy of which is on file in the office of the City Clerk, for Block 7104, Lot 2.01, more commonly known by the street address of 180 Fourteenth Street, and more specifically described by metes and bounds in the application, is hereby approved.

B. The Mayor or Business Administrator is hereby authorized to execute a tax exemption Financial Agreement and a Project Employment and Contracting Agreement. The Financial Agreement shall include at a minimum the following terms and conditions:

1. Term: the earlier of 25 years from the adoption of the within Ordinance or 20 years from the date the project is Substantially Complete;
2. Annual Service Charge: each year the greater of:
 - (a) the Minimum Annual Service Charge; or
 - (b) or 2% of Total Project Cost of the Entity, Total Project Cost shall be defined according to the industry standard set forth by Marshall & Swift, in its Marshall Valuation Service, as modified by the parties and set forth in the Financial Agreement, which is estimated to be \$8,364,698, for an estimated annual service charge of \$167,294, which shall be subject to statutory increases during the term of the tax exemption.

ORDINANCE APPROVING A TWENTY (20) YEAR TAX EXEMPTION FOR A COMMERCIAL HOTEL PROJECT TO BE CONSTRUCTED BY SL HOSPITALITY URBAN RENEWAL, LLC, PURSUANT TO THE PROVISIONS OF THE LONG TERM TAX EXEMPTION LAW N.J.S.A. 40A:20-1 ET SEQ FOR THE PROPERTY DESIGNATED AS BLOCK 7104, LOT 2.01, ON THE CITY'S TAX MAP AND MORE COMMONLY KNOWN BY THE STREET ADDRESS AS 180 FOURTEENTH STREET

3. Administrative Fee: 2% of the prior year's Annual Service Charge or \$3,346;
 4. County Payment: 5% of the Annual Service Charge to the City for remittance by the City to Hudson County or \$8,365;
 5. Project: new construction of a five (5) story building as a commercial hotel project to consist of approximately 87 rooms, a lobby and 30 garage spaces on the ground floor, for a total of approximately 60,380 square feet;
 6. Affordable Housing Trust Fund: \$1.50 x 51,596 square feet of hotel and retail space, plus 8,784 square feet of parking space, for a total of approximately \$90,570;
 7. An agreement that the Entity shall not amend the Master Deed during the term of the abatement without prior written notice to the City and not in any manner that would alter the Land Taxes or reduce the Service Charge to the City;
 8. An obligation to execute a Project Employment and Contracting Agreement for non-construction jobs and contracts to insure employment and other economic benefits to City residents and businesses;
 9. The Applicant does not meet the threshold requirement in Section 304-33 of the Jersey City Municipal Code, that would subject it to a Project Labor Agreement, because total construction costs do not exceed \$25,000,000;
 10. This Ordinance will sunset and the Tax Exemption will terminate unless construction of the Project commences within two (2) years of the adoption of the within Ordinance.
 11. The Financial Agreement shall be executed by the Entity no later than 90 days following adoption of the within Ordinance unless otherwise extended at the City's sole discretion. Failure to comply shall result in a repeal of the herein Ordinance and the tax exemption will be voided.
- D. The City Clerk shall deliver a certified copy of the Ordinance and Financial Agreement to the Tax Assessor and Director of the Division of Local Government Services.
- E. The application is on file with the office of the City Clerk. The Financial Agreement and Project Employment and Contracting Agreement shall be in substantially the form on file in the Office of the City Clerk, subject to such modification as the Business Administrator or Corporation Counsel deems appropriate or necessary.
- F. This ordinance shall be part of the Jersey City Code as though codified and fully set forth therein. The City Clerk shall have this ordinance codified and incorporated in the official copies of the Jersey City Code.
- G. This ordinance shall take effect at the time and in the manner provided by law.
- H. The City Clerk and Corporation Counsel be and they are hereby authorized and directed to change any chapter numbers, article numbers and section numbers in the event that the codification of this ordinance reveals that there is a conflict between those numbers and the existing code, in order to avoid confusion and possible accidental repealers of existing provisions.

NOTE: All material is new; therefore underlining has been omitted.
For purposes of advertising only, new matter is indicated by **bold face**
and repealed matter by *italic*.

DJ/he
5/19/15

APPROVED AS TO LEGAL FORM

APPROVED: _____

Corporation Counsel

APPROVED: _____
Business Administrator

Certification Required ☐
Not Required ☐

RESOLUTION FACT SHEET – NON-CONTRACTUAL

This summary sheet is to be attached to the front of any resolution that is submitted for Council consideration. Incomplete or vague fact sheets will be returned with the resolution.

Full Title of Ordinance/Resolution

Ordinance approving a twenty (20) year tax exemption for a commercial hotel project to be constructed by SL Hospitality City Urban Renewal LLC, pursuant to the provisions of the long term tax exemption law N.J.S.A. 40A:20-1 et seq for the property designated as Block 7104 Lot 2.01 on the City tax map known as 180 Fourteenth Street.

Initiator

Department/Division	office of the Mayor	
Name/Title	Marcos Vigil	Deputy Mayor
Phone/email	201-547-6542	vigilm@icnj.org

Note: Initiator must be available by phone during agenda meeting (Wednesday prior to council meeting @ 4:00 p.m.)

Resolution Purpose

The applicant, SL Hospitality Urban Renewal, LLC, is applying for a Twenty (20) Year-tax abatement under N.J.S.A. 40 A: 21-1 et seq. The fee of \$9,500 was paid with the application. The project qualifies as a Tier VI Project of the Jersey City Tax Exemption Policy.

The project will be an eighty-seven (87) room hotel of five (5) stories with garage parking for thirty (30) vehicles. The applicant will construct the core and shell of the building and will enter into a management agreement with a hotel operator who will complete the hotel build-out.

This abatement application meets all the standards present in the Mayor's Executive Order concerning Long Term Tax Exemptions, commonly known as abatements.

I certify that all the facts presented herein are accurate.

Signature of Department Director

Date

SL Hospitality Urban Renewal, LLC

1. Ownership disclosure certification
2. Fiscal Impact Cost Projection
3. Good Faith estimate of rental income/condo
4. Projected construction costs
5. Schedule of ASC over the abatement
6. Tax Assessor spreadsheet
7. Projection of sales price for condos (n/a)
8. Memorandum from Al Cameron to the Law Department
9. Financial Agreement (attached to the Ordinance)

EXHIBIT F

SL HOSPITALITY URBAN RENEWAL, LLC Disclosure Statement

NAME OF ENTITY: SL Hospitality Urban Renewal, LLC
211 Blue Heron Drive
Secaucus, New Jersey 07094

LOCATION OF PROJECT: Known as Block 7104, Lots 2, 4 & 5
179 15th Street, 180 14th Street & 184 14th Street
Jersey City, New Jersey

PRINCIPAL PLACE OF BUSINESS: SL Hospitality Urban Renewal, LLC
211 Blue Heron Drive
Secaucus, New Jersey 07094

NAME OF REGISTERED AGENT: Danny Mehta

ADDRESS: SL Hospitality Urban Renewal, LLC
211 Blue Heron Drive
Secaucus, New Jersey 07094

The members of SL Hospitality Urban Renewal, LLC (formerly known as SL Hospitality, LLC) are as follows:

NAME	ADDRESS	PERCENT OWNED
1. Danny Mehta	211 Blue Heron Drive Secaucus, NJ 07094	25%
2. Pravinchandra Patel	211 Blue Heron Drive Secaucus, NJ 07094	25%
3. Shila Patel	211 Blue Heron Drive Secaucus, NJ 07094	20%
4. Kailash Patel	211 Blue Heron Drive Secaucus, NJ 07094	20%
5. Viral Patel	211 Blue Heron Drive Secaucus, NJ 07094	10%

I CERTIFY THAT THE FOLLOWING LIST REPRESENTS THE NAMES OF ALL MEMBERS OWNING A 10% OR GREATER INTEREST IN THE ABOVE ENTITY (IF ONE OR MORE OF THE ABOVE NAMED IS ITSELF AN ENTITY, THE APPLICANT WILL PROVIDE THE NAMES OF ANY ENTITY OWNING A 10% OR GREATER INTEREST THEREIN)

I FURTHER CERTIFY THAT NO OFFICER OR EMPLOYEE OF THE CITY OF JERSEY CITY HAS ANY INTEREST, DIRECT OR INDIRECT, IN THIS ENTITY.

I CERTIFY THAT THE FOREGOING STATEMENTS MADE BY ME ARE TRUE. I AM AWARE THAT IF ANY OF THE FOREGOING STATEMENTS MADE BY ME ARE WILLFULLY FALSE, I AM SUBJECT TO PUNISHMENT.

Dated: 2/18/15

SL Hospitality Urban Renewal, LLC

By: 

Danny Mehta, authorized member

FISCAL IMPACT ANALYSIS - COMMERCIAL

SL HOSPITALITY UR (HOTEL)

Total Municipal Budget: 516,641,147		Total Real Property Value: 5,932,776,544		Non-Residential Property Values: 2,633,404,662		Incoming Facility Non Residential Value: 3,589,800	
		Non-Residential Value 2,633,404,662		Net Valuation Taxable 5,932,776,544			
Total Local Municipal Expenditures For Non-Residential		Proportion of Non-Residential Value to Total Net Valuation Taxable		Total Municipal Expenditures Attributable to Non-Residential Use			
179,461,222		0.44		78,962,938			
		Incoming Facility Non Residential Value 3,589,800		Net Valuation Taxable 5,932,776,544			
Total Municipal Expenditures Attributable to Non-Residential Use		Proportion of Facility to Total Local Non-Residential Net Valuation Taxable		Municipal Cost Allocated To Non Residential Facility			
78,962,938		0.000605079		47,778.84			

Facilities Assessment Tax Rate (2014) Annual Tax
3,589,800 74.34 266,865.73

Municipal Portion* (50%)
133,433

Service Charge Amount:
167,294.00

Implied Surplus (Cost):
119,515.16

Non-Residential Municipal Expenditure Breakdown:

public safety 171,817,581
DPW (Bldg, Streets, Parks) 7,643,641
Total 179,461,222

Additional Estimated Hotel Occupancy Tax**:

171,477.00

Net Valuation Taxable Source: 2014 Table of Aggregates

Municipal Portion Source: 2014 Estimated Tax Rate

* this figure assumes that any project, and one with the quality of finishes proposed, would be built without a tax abatement

**based on initial per room rates which will increase over the term of the Tax Abatement as rates increase

EXHIBIT C

SL HOSPITALITY URBAN RENEWAL, LLC

ESTIMATED TOTAL PROJECT COST

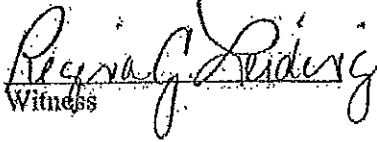
a.	Land cost:	\$2,800,000
b.	Architects, engineers and attorney fees:	\$180,000
c.	Surveying and testing charges:	\$8,000
d.	Actual core and shell construction cost as certified by architect, including site preparation:	\$4,787,000
e.	Insurance, interest and finance costs during construction:	\$140,000
f.	Cost of obtaining permanent financing:	\$50,000
g.	Commissions and other expenses payable in connection with initial lease of units:	n/a
h.	Real estate taxes and assessments during construction period:	\$100,000
i.	Developer's overhead (5% of actual construction costs set forth in 40A:20-3(h), as amended)	<u>\$299,697.50</u>
	TOTAL:	<u>\$8,364,697.50</u>

EXHIBIT C-1

SL HOSPITALITY URBAN RENEWAL, LLC

Certification of Estimated Construction Costs

On this 4 day of March, 2015, the undersigned being the architect for the Project to be developed by SL Hospitality Urban Renewal, LLC, does hereby certify to the best of my knowledge and belief that Exhibit C accurately reflects the estimated actual construction costs of the Project proposed on Block 7104, Lot 2.01 (formerly known as Lots 2, 4 & 5), more commonly referred to as 182-184 14th Street, Jersey City, New Jersey.


Witness

By: 
Name: Arthur Michels, AIA
Title: Architect

SERVICE CHARGE VS CONVENTIONAL PROJECTION SL HOSPITALITY UR

**ASSUMING 74.34 TAX RATE WITH 2% ANNUAL INCREASE*

NEW ASSESSMENTS BASED ON TAX ASSESSOR ANALYSIS

LAND	661,600	COUNTY	5%	EXISTING ASSESSMENT	661,600
BLDG	2,928,200	ADMIN	0.5%		
TOTAL	3,589,800			PROJECTED SERVICE CHARGE (1ST YEAR)	167,294

YEAR	ASC w/ Phase-In Less Land Tax Credit	ASC w/ 2% Project Cost	ASC w/ Phase-In	County (5%)	Admin (0.5%)	Estimated Conventional Taxes On New Assessment	Step Up Rate	% of Conv.	Conventional Taxes at 51% (Estimated)	Current Taxes On Existing Assessment	Land Tax
1	118,111	167,294	167,294	8,365	836	266,866			136,102	49,183	49,183
2	117,127	167,294	167,294	8,365	836	272,203			138,824	50,167	50,167
3	116,124	167,294	167,294	8,365	836	277,647			141,600	51,170	51,170
4	115,100	167,294	167,294	8,365	836	283,200			144,432	52,194	52,194
5	114,056	167,294	167,294	8,365	836	288,864			147,321	53,238	53,238
6	112,992	167,294	167,294	8,365	836	294,641			150,267	54,302	54,302
7	111,906	167,294	167,294	8,365	836	300,534	20%	60,107	153,272	55,388	55,388
8	110,798	167,294	167,294	8,365	836	306,545	20%	61,309	156,338	56,496	56,496
9	109,668	167,294	167,294	8,365	836	312,676	20%	62,535	159,465	57,626	57,626
10	108,515	167,294	167,294	8,365	836	318,929	40%	127,572	162,654	58,779	58,779
11	107,340	167,294	167,294	8,365	836	325,308	40%	130,123	165,907	59,954	59,954
12	106,141	167,294	167,294	8,365	836	331,814	40%	132,726	169,225	61,153	61,153
13	140,694	167,294	203,070	10,154	1,015	338,450	60%	203,070	172,610	62,376	62,376
14	143,508	167,294	207,132	10,357	1,036	345,219	60%	207,132	176,062	63,624	63,624
15	172,926	167,294	211,274	10,564	1,056	352,124	60%	211,274	179,583	64,896	64,896
16	149,305	167,294	215,500	10,775	1,077	359,166	60%	215,500	183,175	66,194	66,194
17	225,561	167,294	293,080	14,654	1,465	366,349	80%	293,080	186,838	67,518	67,518
18	253,357	167,294	298,941	14,947	1,495	373,676	80%	298,941	190,575	68,869	68,869
19	234,674	167,294	304,920	15,246	1,525	381,150	80%	304,920	194,386	70,246	70,246
20	239,368	167,294	311,018	15,551	1,555	388,773	80%	311,018	198,274	71,651	71,651

TOTAL	2,907,269	3,345,880	4,052,463	202,623	20,262	6,484,135		2,619,306	3,306,909	1,195,026	1,195,026
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ASC phase-in reflects annual 2% increase in conventional taxes

EXHIBIT B-1

SL HOSPITALITY URBAN RENEWAL, LLC

FISCAL PLAN

EXHIBIT D
Projected Hotel Operations

	1	2	3	4	5	6	7	8	9	10
REVENUE										
<i>Average Daily Rate</i>	\$125	\$126.29	\$127.59	\$128.90	\$130.23	\$131.57	\$132.93	\$134.30	\$135.68	\$137.08
<i>Occupancy Rate</i>	72.0%	72.5%	73.0%	73.5%	74.0%	74.5%	75.0%	75.5%	76.0%	76.5%
Hotel Rooms ⁽¹⁾	\$2,857,950	\$2,907,438	\$2,957,643	\$3,008,573	\$3,060,238	\$3,112,649	\$3,165,815	\$3,219,746	\$3,274,451	\$3,329,943
Gross Revenue	\$2,857,950	\$2,907,438	\$2,957,643	\$3,008,573	\$3,060,238	\$3,112,649	\$3,165,815	\$3,219,746	\$3,274,451	\$3,329,943
EXPENSES										
Departmental Expenses	23% Rev	\$667,329	\$668,711	\$680,258	\$691,972	\$703,855	\$715,909	\$728,137	\$740,541	\$753,124
Management Fees ⁽²⁾	3.5% Rev	100,028	101,760	103,517	105,309	107,108	108,943	110,804	112,691	114,606
Franchise Fees & Exp ⁽⁴⁾	8.0% Rev	228,635	232,595	236,611	240,686	244,819	249,012	253,265	257,580	261,956
General & Administrative	6.5% Rev	185,767	188,983	192,247	195,557	198,915	202,322	205,778	209,283	212,839
Sales & Marketing	5.4% Rev	154,829	157,002	159,713	162,463	165,253	168,083	170,954	173,866	176,820
Maintenance & Repair	4.0% Rev	114,318	117,002	119,713	122,463	125,253	128,083	130,954	133,866	136,820
Utility Services	4.9% Rev	140,040	143,298	146,606	150,000	153,489	157,069	160,741	164,505	168,362
Property Insurance		30,000	30,309	30,621	30,937	31,255	31,577	31,902	32,231	32,563
Real Estate Taxes										
FF&E Replacement Expense ⁽³⁾		214,950	214,950	214,950	214,950	214,950	214,950	214,950	214,950	214,950
Replacement Reserve	\$0.85 / sf	51,000	51,525	52,056	52,592	53,134	53,681	54,234	54,793	55,357
Annual Service Charge		176,496	176,496	176,496	176,496	176,496	176,496	176,496	176,496	176,496
Total Operating Expenses		\$2,052,892	\$2,095,631	\$2,124,488	\$2,153,758	\$2,183,448	\$2,213,563	\$2,244,107	\$2,275,088	\$2,306,510
Expenses to Income Ratios		72%	72%	72%	71%	71%	71%	71%	70%	70%
Net Operating Income		\$805,058	\$811,807	\$833,155	\$854,814	\$876,790	\$899,087	\$921,708	\$944,658	\$967,941
Profit Margins		28%	28%	28%	28%	29%	29%	29%	30%	30%
DEBT SERVICE										
Interest Payment ⁽⁵⁾		440,004	424,586	413,488	401,958	389,948	377,449	364,440	350,902	336,811
Amortization ⁽⁵⁾		256,740	272,158	283,247	294,786	306,797	319,296	332,304	345,843	359,933
Total Debt Service		696,744	696,744	696,745	696,744	696,745	696,745	696,744	696,745	696,744
Cash Flow after Debt Service		\$108,314	\$115,063	\$136,410	\$158,070	\$180,045	\$202,342	\$224,964	\$247,913	\$271,197

Notes:

- (1) Average Daily Rate is based on historical data of a particular comp set for years 2007-13. Occupancy assumptions take into consideration multiple years build up the business and competition from new hotel.
- (2) Includes base fee of 2.5% plus 1% incentive fee.
- (3) FF&E budget cost of \$1.5 million (purchase/installation) straight-line over a projected 7 years useful life. Actual useful life of most FF&E items range from years 3 to 7.
- (4) Required under the franchise agreement with IHG.
- (5) Debt Service assumes 4 million at 4% permanent fixed rate financing over 25 years amortization.

EXHIBIT B
Projected Hotel Operations

	11	12	13	14	15	16	17	18	19	20
REVENUE										
Average Daily Rate	\$138.49	\$139.91	\$141.36	\$142.81	\$144.28	\$145.77	\$147.27	\$148.79	\$150.32	\$151.87
Occupancy Rate	77.0%	77.5%	78.0%	78.5%	79.0%	79.5%	80.0%	79.0%	79.5%	80.0%
Hotel Rooms ⁽¹⁾	\$3,386,229	\$3,443,323	\$3,501,233	\$3,559,970	\$3,619,547	\$3,679,972	\$3,741,259	\$3,732,546	\$3,794,859	\$3,858,059
Gross Revenue	\$3,386,229	\$3,443,323	\$3,501,233	\$3,559,970	\$3,619,547	\$3,679,972	\$3,741,259	\$3,732,546	\$3,794,859	\$3,858,059
EXPENSES										
Departmental Expenses 23% Rev	\$778,833	\$791,964	\$805,284	\$818,793	\$832,496	\$846,394	\$860,490	\$858,486	\$872,818	\$887,353
Management Fees ⁽²⁾ 3.5% Rev	118,518	120,516	122,543	124,599	126,684	128,799	130,944	130,639	132,820	135,032
Franchise Fees & Exp ⁽³⁾ 8.0% Rev	270,898	275,466	280,099	284,798	289,564	294,398	299,301	298,604	303,589	308,645
General & Administrative 6.5% Rev	220,105	223,816	227,580	231,398	235,271	239,198	243,182	242,616	246,666	250,774
Sales & Marketing 5.4% Rev	182,856	185,939	189,067	192,238	195,456	198,719	202,028	201,558	204,922	208,335
Maintenance & Repair 4.0% Rev	182,856	185,939	189,067	192,238	195,456	198,719	202,028	201,558	204,922	208,335
Utility Services 4.9% Rev	135,449	137,733	140,049	142,399	144,782	147,199	149,650	149,302	151,794	154,322
Property Insurance	33,237	33,580	33,925	34,275	34,628	34,985	35,345	35,709	36,077	36,448
Real Estate Taxes										
FF&E Replacement Expense ⁽⁴⁾	214,950	214,950	214,950	214,950	214,950	214,950	214,950	214,950	214,950	214,950
Replacement Reserve \$0.85 / sf	56,503	57,085	57,673	58,267	58,867	59,474	60,086	60,705	61,331	61,962
Annual Service Charge	176,496	176,496	176,496	176,496	176,496	176,496	176,496	176,496	176,496	176,496
Total Operating Expenses	\$2,370,703	\$2,403,485	\$2,436,733	\$2,470,452	\$2,504,648	\$2,539,329	\$2,574,500	\$2,570,621	\$2,606,384	\$2,642,653
Expenses to Income Ratios	70%	70%	70%	69%	69%	69%	69%	69%	69%	68%
Net Operating Income	\$1,015,527	\$1,039,838	\$1,064,500	\$1,089,519	\$1,114,898	\$1,140,643	\$1,166,759	\$1,161,925	\$1,188,474	\$1,215,405
Profit Margins	30%	30%	30%	31%	31%	31%	31%	31%	31%	32%
DEBT SERVICE										
Interest Payment ⁽⁵⁾	306,885	291,002	274,471	257,267	239,362	220,728	201,334	181,150	160,144	138,282
Amortization ⁽⁵⁾	389,859	405,743	422,272	439,477	457,382	476,017	495,410	515,594	536,600	558,462
Total Debt Service	696,744	696,745	696,743	696,744	696,744	696,745	696,744	696,744	696,744	696,744
Cash Flow after Debt Service	\$318,783	\$343,093	\$367,757	\$392,775	\$418,154	\$443,898	\$470,015	\$465,181	\$491,730	\$518,661

Notes:

- (1) Average Daily Rate is based on historical data of a particular comp set for years 2007-13. Occupancy assumptions take into consideration multiple years build up the business and competition from new hotel.
(2) Includes base fee of 2.5% plus 1% Incentive fee.
(3) FF&E budget cost of \$1.5 million (purchase/installation) straight-line over a projected 7 years useful life. Actual useful life of most FF&E items range from years 3 to 7.
(4) Required under the franchise agreement with IHG.
(5) Debt Service assumes 4 million at 4% permanent fixed rate financing over 25 years amortization.

**SL HOSPITALITY, LLC
BLOCK 7104 Lot 2.01
180 Fourteenth St**

Block	Lot		Existing Prorated (subdvi.)	New Assessments	Good Faith ASC	Land Tax	Assessment (Phased-In)
7104	2.01	Land	661,600	661,600			
		Bldg		2,928,200	167,294		2,928,200
		Total	661,600	3,589,800	167,294		2,928,200

**Est. In-Lieu of Full Property Tax Payments An Amount Equal
To A Percentage Of Taxes Otherwise Due On The Land and
New Improvement According To The Following Stages:**

		ASC	Annual Taxes* (Land & Bldg)		
Stage One	From the 1st day of the month following substantial completion until the last day of the 6th year, the ASC shall be at 2% of Project Cost	\$ 167,294	\$ 49,183	\$ 49,183	
Stage Two	Beginning on the 1st day of the 7th year and the last day of the 9th year of substantial completion, an amount equal to the greater of the ASC at 2% or 20% of the amount of taxes otherwise due on the value of the land and improvements;	\$ 167,294	\$ 49,183	\$ 53,373	
Stage Three	Beginning on the 1st day of the 10th year and the last day of the 12th year of substantial completion, an amount equal to the greater of the ASC at 2% or 40% of the amount of taxes otherwise due on the value of the land and improvements;	\$ 167,294	\$ 49,183	\$ 106,746	
Stage Four	Beginning on the 1st day of the 13th year and the last day of the 16th year of substantial completion, an amount equal to the greater of the ASC at 2% or 60% of the amount of taxes otherwise due on the value of the land and improvements;	\$ 167,294	\$ 49,183	\$ 160,119	
Final Stage	Beginning on the 1st day of the 17th year and the last day of the 20th year of substantial completion, an amount equal to the greater of the ASC at 2% or 80% of the amount of taxes otherwise due on the value of the land and improvements.	\$ 167,294	\$ 49,183	\$ 213,493	
4/17/2015	Annual Land and Improvement Tax (Based on 2014 tax rate o \$74.34 & 30.02% Assessment Ratio)				\$ 266,866

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DATE: March 23, 2015

TO: Diana Jeffrey (For distribution to City Council and City Clerk)

FROM: Al Cameron Tax Collector's Office

SUBJECT: TWENTY-YEAR TAX ABATEMENT: SL HOSPITALITY URBAN
RENEWAL, LLC, For a Hotel at 180 Fourteenth Street Block 7104,
Lot 2.01

CC: M. Cosgrove, E. Borja, E. Toloza, J. Monahan, M. Vigil, G. Corrado

INTRODUCTION:

The applicant, SL Hospitality Urban Renewal, LLC, is applying for a Twenty (20) Year-tax abatement under N.J.S.A. 40 A: 21-1 et seq. The fee of \$9,500 was paid with the application. The project qualifies as a Tier VI Project of the Jersey City Tax Exemption Policy.

LOCATION OF THE PROPERTY:

The property located at 180 Fourteenth Street, is a rectangle that runs from the north side of Fourteenth Street to the south side of Fifteenth Street between Luis Munoz Marin Boulevard and Erie Street. It consists of Block 7104 Lot 2.01 on the Jersey City Tax Map. It is the consolidation of Block 7104, Lots, 2, 4, and 5. It is within the Commercial District of the Jersey Avenue Light Rail Redevelopment Plan Area. The property is mostly vacant. The entrance will be on the Fourteenth Street side of the property just west of the Holland Tunnel. The egress will be on Fifteenth Street.

PROJECT TO BE CONSTRUCTED:

The project will be an eighty-seven (87) room hotel of five (5) stories with garage parking for thirty (30) vehicles. The applicant was granted site plan approval by the Zoning Board of Adjustment with 'C' and "d" variances. The applicant will construct the core and shell of the building and will enter into a management agreement with a hotel operator who will complete the hotel build-out.

ESTIMATED TOTAL PROJECT COST:

The total project cost excluding the hotel build-out is estimated at \$8,364,697.50. The estimated construction cost is certified by the applicant's architect, Arthur Michaels.

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CONSTRUCTION SCHEDULE:

The estimated start date is June 2015. Estimated completion is approximately twenty-four (24) months after commencement.

ESTIMATED JOBS CREATED:

The applicant estimates approximately one hundred fifty-five (155) jobs during construction and forty (40) post construction jobs. The permanent full-time jobs will include management, sales, security, maintenance and housekeeping. The applicant will enter into a Project Employment and Contracting Agreement. The construction cost of the project does not meet the threshold for a Project Labor Agreement.

AFFORDABLE HOUSING TRUST FUND CONTRIBUTION:

The applicant proposes an AHTF Contribution of \$90,570 See table below.

SL Hospitality Urban Renewal LLC

		Rate	Amount
Total square footage for the Building	51,596	\$1.50	\$77,394.00
Plus square footage for parking	8,784	\$1.50	\$13,176.00
Total square Feet Subject to AHTF Payment	60,380		\$90,570.00
Total AHTF Payment			<u>\$90,570.00</u>

CURRENT REAL ESTATE TAXES:

The 2015 assessment for the land is \$661,600. Based upon that assessment at the current rate of \$74.34 the land tax would be \$49,183. All taxes are current.

PROPOSED ABATEMENT:

The property qualifies for Tier VI of the Jersey City Tiered Tax Exemption Policy Map. The applicant has requested a term of the lesser of twenty-five (25) years from the date of approval of an ordinance approving the abatement or twenty (20) years from substantial completion.

The Tier VI Tax Abatement Policy provides for an Annual Service Charge (ASC) of two percent (2%) of total project cost, a City administrative fee at one half of one

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percent (0.5%) and a fee to Hudson county of five percent (5%) of the Annual Service Charge.

PROPOSED REVENUE TO THE CITY:

Based upon two percent (2%) of total project cost of \$8,364,697 the estimated Annual Service is \$167,294. The City administrative fee at one half of one percent (0.5%) totals \$836.47.

In addition the applicant will pay a hotel occupancy tax of 6% of room revenue.

The applicant will pay an Annual Service Charge of two percent of total project costs in years one (1) through six (6). In years seven (7) through nine (9) the applicant would pay the greater of the ASC or twenty percent (20%) of conventional taxes. The applicant would pay the greater of the ASC or forty percent (40%) in years ten (10) through twelve (12), the greater of the ASC or sixty percent (60%), in years thirteen (13) through sixteen (16), the greater of the ASC or eighty percent (80%) in years seventeen (17) through twenty (20). The applicant would pay full taxes in year twenty-one (21).

TIER 6 - FINANCIAL AGREEMENT (30 YEAR)
Rev. 5/19/15
Long Term Tax Exemption
N.J.S.A. 40A:20-1, et seq.
(Commercial or Industrial)

Re: 180 Fourteenth Street
Approximately 16,000 Square Feet of land
Block 7104, Lot 2.01

PREAMBLE

THIS FINANCIAL AGREEMENT, [Agreement] is made the ____ day of _____, 2015, by and between **SL HOSPITALITY URBAN RENEWAL, LLC**, an urban renewal entity formed and qualified to do business under the provisions of the Long Term Tax Exemption Law of 1992, as amended and supplemented, N.J.S.A. 40A:20-1 et seq., having its principal office at 211 Blue Heron Drive, Secaucus, NJ 07094 [Entity], and the **CITY OF JERSEY CITY**, a Municipal Corporation of the State of New Jersey, having its principal office at 280 Grove Street, Jersey City, New Jersey 07302 [City].

RECITALS

WITNESSETH:

WHEREAS, the Entity is the Owner pursuant to a Deed recorded on May 15, 2015 and a name change established by an Amended and Restated Certificate of Formation dated January 19, 2015, of certain property designated as Block 7104, Lot 2.01, a consolidation of Block 7104, Lots 2, 4 and 5, more commonly known by the street address of 180 Fourteenth Street, Jersey City, and more particularly described by the metes and bounds description set forth as Exhibit 1 to this Agreement; and

WHEREAS, the property is located within the Jersey Avenue Light Rail Redevelopment Plan Area; and

WHEREAS, this property is an industrial or commercial project and is thus eligible for tax exemption pursuant to N.J.S.A. 40A:20-4; and

WHEREAS, the Entity plans to construct a five (5) story building containing approximately 51,596 square feet of hotel space, yielding approximately eighty-seven (87) hotel rooms, and on the first floor 8,784 square feet of space containing the lobby and thirty (30)

garage parking spaces [Project]; and

WHEREAS, the Project received site plan approval from the Planning Board on September 9, 2014; and

WHEREAS, on February 9, 2015; the Entity filed an Application with the City for a long term tax exemption for the Project; and

WHEREAS, by the adoption of Ordinance _____ on _____, 2015, the Municipal Council approved a long term tax exemption for the Project and authorized the execution of a Financial Agreement; and

WHEREAS, the City made the following findings:

A. Relative Benefits of the Project when compared to the costs:

1. the current real estate tax generates revenue of only \$49,183, whereas, the Annual Service charge as estimated, will generate revenue to the City of approximately \$167,294;
2. It is expected that the Project will generate Hotel Occupancy Taxes for the City in excess of \$171,477 per year in addition to the annual service charge;
3. as required by ordinance 13-088, the Entity shall pay the City the sum of \$30,190 on or before the effective date of the ordinance approving the Financial Agreement, and will pay the balance of \$60,380 as an affordable housing contribution as required by the ordinance;
4. it is expected that the Project will create approximately 155 new construction jobs and 40 new permanent full time jobs;
5. the project should stabilize and contribute to the economic growth of existing local business and to the creation of new businesses, which cater to the new occupants;

B. Assessment of the Importance of the Tax Exemption in obtaining development of the project and influencing the locational decisions of probable occupants:

1. the relative stability and predictability of the annual service charges will make the Project more attractive to investors and lenders needed to finance the Project; and
2. the relative stability and predictability of the service charges will allow the owner to stabilize its operating budget, allowing a high level of maintenance to the building over the life of the Project, which will attract

occupants to the Project, insure the likelihood of stabilized rents to tenants and the success of the Project; and

3. have a positive impact on the surrounding area.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, and for other good and valuable consideration, it is mutually covenanted and agreed as follows:

ARTICLE I - GENERAL PROVISIONS

Section 1.1 Governing Law

This Agreement shall be governed by the provisions of the Long Term Tax Exemption Law, as amended and supplemented, N.J.S.A. 40A:20-1 et seq., Executive Order of the Mayor 13-004, Disclosure of Lobbyist Status, Ordinance 02-075, and Ordinance _____, which authorized the execution of this Agreement. It being expressly understood and agreed that the City expressly relies upon the facts, data, and representations contained in the Application, attached hereto as Exhibit 3, in granting this tax exemption.

Section 1.2 General Definitions

Unless specifically provided otherwise or the context otherwise requires, when used in this Agreement, the following terms shall have the following meanings:

- i. Allowable Net Profit- The amount arrived at by applying the Allowable Profit Rate to Total Project Cost pursuant to N.J.S.A. 40A:20-3(c).
- ii. Allowable Profit Rate - The greater of 12% or the percentage per annum arrived at by adding 1.25% to the annual interest percentage rate payable on the Entity's initial permanent mortgage financing. If the initial permanent mortgage is insured or guaranteed by a governmental agency, the mortgage insurance premium or similar charge, if payable on a per annum basis, shall be considered as interest for this purpose. If there is no permanent mortgage financing, or if the financing is internal or undertaken by a related party, the Allowable Profit Rate shall be the greater of 12% or the percentage per annum arrived at by adding 1.25% per annum to the interest rate per annum which the municipality determines to be the prevailing rate on mortgage financing on comparable improvements in Hudson County. The provisions of N.J.S.A. 40A:20-3(b) are incorporated herein by reference.
- iii. Annual Gross Revenue Any and all revenue derived from or generated by the

Project of whatever kind or amount, whether received as rent from any tenants or income or fees from third parties, including but not limited to fees or income paid or received for parking, or as user fees or for any other services. No deductions will be allowed for operating or maintenance costs, including, but not limited to gas, electric, water and sewer, other utilities, garbage removal and insurance charges, whether paid for by the landlord, tenant or a third party.

iv. Annual Service Charge - The amount the Entity has agreed to pay the City each year for municipal services supplied to the Project, which sum is in lieu of any taxes on the Improvements, pursuant to N.J.S.A. 40A:20-12. It shall include a payment for all annual excess profit.

v. Auditor's Report - A complete annual financial statement outlining the financial status of the Project, which shall also include a certification of Total Project Cost and clear computation of the annual Net Profit. The contents of the Auditor's Report shall have been prepared in conformity with generally accepted accounting principles and shall contain at a minimum the following: a balance sheet, a statement of income, a statement of retained earnings or changes in stockholders' equity, a statement of cash flows, descriptions of accounting policies, notes to financial statements and appropriate schedules and explanatory material results of operations, cash flows and any other items required by Law. The Auditor's Report shall be certified as to its conformance with such principles by a certified public accountant who is licensed to practice that profession in the State of New Jersey.

vi. Certificate of Occupancy - A document, whether temporary or permanent, issued by the City authorizing occupancy of a building, in whole or in part, pursuant to N.J.S.A. 52:27D-133.

vii. Debt Service - The amount required to make annual payments of principal and interest or the equivalent thereof on any construction mortgage, permanent mortgage or other financing including returns on institutional equity financing and affordable related party debt for the Project for a period equal to the term of this Agreement.

viii. Default - Shall be a breach of or the failure of the Entity to perform any obligation imposed upon the Entity by the terms of this Agreement, or under the Law, beyond any applicable grace or cure periods.

ix. Entity - The term Entity within this Agreement shall mean SL Hospitality Urban

Renewal, LLC, which Entity is formed and qualified pursuant to N.J.S.A. 40A:20-5. It shall also include any subsequent purchasers or successors in interest of the Project, provided they are formed and operate under the Law.

x. Improvements or Project - Any building, structure or fixture permanently affixed to the land and to be constructed and tax exempted under this Agreement.

xi. In Rem Tax Foreclosure or Tax Foreclosure - A summary proceeding by which the City may enforce a lien for taxes due and owing by tax sale, under N.J.S.A. 54:5-1 to 54:5-129 et seq.

xii. Land Taxes - If applicable, the amount of taxes assessed on the value of land, on which the project is located and taxes on any pre-existing improvements. If Land Taxes are not exempt; however, Land Taxes are applied as a credit against the Annual Service Charge.

xiii. Land Tax Payments - Payments made on the quarterly due dates, including approved grace periods if any, for Land Taxes as determined by the Tax Assessor and the Tax Collector.

xiv. Law - Law shall refer to the Long Term Tax Exemption Law, as amended and supplemented, N.J.S.A. 40A:20-1, et seq.; Executive Order of the Mayor 13-004, relating to long term tax exemption, as it may be supplemented; Ordinance 02-075 requiring Disclosure of Lobbyist Status and Ordinance _____, which authorized the execution of this Agreement and all other relevant Federal, State or City statutes, ordinances, resolutions, rules and regulations.

xv. Minimum Annual Service Charge - The Minimum Annual Service Charge shall be the greater of: (a) the amount of the total taxes levied against all real property in the area covered by the Project in the last full tax year in which the area was subject to taxation, which amount the parties agree is \$49,183; (b) the sum of \$167,294 per year, which sum is equal to the estimated Annual Service Charge which shall be due 12 months following Substantial Completion of the Project.

Following Substantial Completion, the Minimum Annual Service Charge set forth in subsection (b) shall be paid in each year in which the Annual Service Charge, calculated pursuant to N.J.S.A. 40A:20-12 or this Agreement, would be less than the Minimum Annual Service Charge.

xvi. Net Profit - The Annual Gross Revenues of the Entity less all annual operating

and non-operating expenses of the Entity, all determined in accordance with generally accepted accounting principles, but:

(1) there shall be included in expenses: (a) all Annual Service charges paid pursuant to N.J.S.A. 40A:20-12; (b) all annual payments to the City of excess profits pursuant to N.J.S.A. 40A:20-15 or N.J.S.A. 40A:20-16; (c) an annual amount sufficient to amortize (utilizing the straight line method-equal annual amounts) the Total Project Cost and all capital costs determined in accordance with generally accepted accounting principles, of any other entity whose revenue is included in the computation of excess profits over the term of this agreement; (d) all reasonable annual operating expenses of the Entity and any other entity whose revenue is included in the computation of excess profits including the cost of all management fees, brokerage commissions, insurance premiums, all taxes or service charges paid, legal, accounting, or other professional service fees, utilities, building maintenance costs, building and office supplies and payments into repair or maintenance reserve accounts; (e) all payments of rent including but not limited to ground rent by the Entity; (f) all debt service; and

(2) there shall not be included in expenses either depreciation or obsolescence, interest on debt, except interest which is part of debt service, income taxes or salaries, bonuses or other compensation paid, directly or indirectly to directors, officers and stockholders of the entity, or officers, partners or other persons holding a proprietary ownership interest in the entity.

xvii. Pronouns - He or it shall mean the masculine, feminine or neuter gender, the singular, as well as the plural, as context requires.

xviii. Substantial Completion - The determination by the City that the Project, in whole or in part, is ready for the use intended, which ordinarily shall mean the first date on which the Project receives, or is eligible to receive, any Certificate of Occupancy whether temporary or permanent for any portion of the Project.

xix. Termination - Any act or omission which by operation of the terms of this Financial Agreement shall cause the Entity to relinquish its tax exemption.

xx. Total Project Cost - The Entity's total cost of constructing the Project through the date a Certificate(s) of Occupancy is issued for the entire Project, which includes all categories of costs set forth in N.J.S.A. 40A:20-3(h). The Project's actual construction costs, which are an element of Total Project Costs, will be defined according to the industry standard set forth by

Marshall & Swift, in its Marshal Valuation Service, and shall include all elements enumerated in Marshall's Section 41, "Segregated Cost Method/Segregated Costs" and includes all concrete work (slab, floors, stairs), structural steel frame and associated fireproofing, roofing, exterior wall system and windows, entrance doors, elevators with drywall enclosure, plumbing (vertical risers only), HVAC (hallways only), sprinklers, common area bathroom facilities, electrical closets on each floor and the loading dock area. Interior costs attributable solely to the hotel operator shall not be included. There shall be included in Total Project Cost for the purpose of calculating the Annual Service Charge the actual costs incurred by the Entity and certified by an independent and qualified architect or engineer, which are associated with site remediation and cleanup of environmentally hazardous materials or contaminants in accordance with State or Federal law. Since the Annual Service Charge is a percentage of Total Project Cost, the Entity agrees that final Total Project Cost shall not be less than its estimated Total Project Cost.

ARTICLE II - APPROVAL

Section 2.1 Approval of Tax Exemption

The City hereby grants its approval for a tax exemption for all the Improvements to be constructed and maintained in accordance with the terms and conditions of this Agreement and the provisions of the Law which Improvements shall be constructed on certain property known on the Official Tax Assessor's Map of the City as: Block 7104, Lot 2.01, more commonly known by the street address 180 Fourteenth Street, Jersey City, and described by metes and bounds in Exhibit 1 attached hereto.

Section 2.2 Approval of Entity

Approval is granted to the Entity whose Certificate of Formation and Amended and Restated Certificate of Formation are attached hereto as Exhibit 4. Entity represents that its Certificates contain all the requisite provisions of the Law; has been reviewed and approved by the Commissioner of the Department of Community Affairs; and has been filed with, as appropriate, the Office of the State Treasurer or Office of the Hudson County Clerk, all in accordance with N.J.S.A. 40A:20-5.

Section 2.3 Improvements to be Constructed

Entity represents that it will construct a five (5) story building containing approximately 51,596 square feet of hotel space, yielding approximately eighty-seven (87) hotel rooms, and on

the first floor 8,784 square feet of space containing the lobby and thirty (30) parking spaces; all of which is specifically described in the Application attached hereto as Exhibit 3.

Section 2.4 Construction Schedule

The Entity agrees to diligently undertake to commence construction and complete the Project in accordance with the Estimated Construction Schedule, attached hereto as Exhibit 5, and in compliance with any Redevelopment Agreement.

Section 2.5 Ownership, Management and Control

The Entity represents that it is the owner of the property upon which the Project is to be constructed. Upon construction, the Entity represents that the Improvements will be used, managed and controlled for the purposes set forth in this Agreement and any Redevelopment Agreement.

Section 2.6 Financial Plan

The Entity represents that the Improvements shall be financed in accordance with the Financial Plan attached hereto as Exhibit 6. The Plan sets forth a good faith estimate of Total Project Cost, the amortization rate on the Total Project Cost, the source of funds, the interest rates to be paid on construction financing, the source and amount of paid-in capital, and the terms of any mortgage amortization.

Section 2.7 Good Faith Estimate of Initial Rents

The Entity represents that its good faith projections of the initial hotel revenue from room rental and all other incidental charges and other revenue to the Project are set forth in Exhibit 7.

ARTICLE III - DURATION OF AGREEMENT

Section 3.1 Term

So long as there is compliance with the Law and this Agreement, it is understood and agreed by the parties hereto that this Agreement shall remain in effect for the earlier of 25 years from the date of the adoption of Ordinance _____ on _____, 2015, which approved the tax exemption or 20 years from the original date of Substantial Completion of the Project or _____20_____. The tax exemption shall only be effective during the period of usefulness of the Project and shall continue in force only while the Project is owned by a corporation or association formed and operating under the Law.

ARTICLE IV - ANNUAL SERVICE CHARGE

Section 4.1 Annual Service Charge

In consideration of the tax exemption, the Entity shall make the following annual payments to the City for services provided to the Project:

i. City Service Charge: an amount equal to the greater of: the Minimum Annual Service Charge or an Annual Service Charge equal to 2% of Total Project Cost. The Annual Service Charge shall be billed initially based upon the Entity's estimates of Annual Gross Revenue, attached hereto as Exhibit 6. Thereafter, the Annual Service Charge shall be adjusted in accordance with this Agreement.

ii. County Service Charge: an amount equal to 5% of the Municipal Annual Service Charge shall be paid to the City and remitted by the City to the County.

iii. The Minimum Annual Service Charge pursuant to Section 1.2xv(a) shall be due beginning on the effective date of this Agreement. The Minimum Annual Service Charge pursuant to Section 1.2xv(b) shall be due 12 months following Substantial Completion of the Project. The City Service Charge and the County Annual Service Charge shall be due on the first day of the month following the Substantial Completion of the Project. In the event the Entity fails to timely pay the Minimum Annual Service Charge or the Annual Service Charge, the unpaid amount shall bear the highest rate of interest permitted in the case of unpaid taxes or tax liens on land until paid.

Section 4.2 Staged Adjustments

The Annual Service Charge shall be adjusted, in Stages over the term of the tax exemption in accordance with N.J.S.A. 40A:20-12(b) as follows:

i. Stage One: From the 1st day of the month following Substantial Completion until the last day of the 6th year, the Annual Service Charge shall be 2% of Total Project Cost for the term of the abatement;

ii. Stage Two: Beginning on the 1st day of the 7th year following Substantial Completion until the last day of the 9th year, an amount equal to the greater of the Annual Service Charge or 20% of the amount of the taxes otherwise due on the assessed value of the land and Improvements;

iii. Stage Three: Beginning on the 1st day of the 10th year following the Substantial

Completion until the last day of the 13th year, an amount equal to the greater of the Annual Service Charge or 40% of the amount of the taxes otherwise due on the assessed value of the land and Improvements;

iv. Stage Four: Beginning on the 1st day of the 14th year following Substantial Completion until the last day of the 17th year, an amount equal to the greater of the Annual Service Charge or 60% of the amount of the taxes otherwise due on the assessed value of the land and Improvements.

v. Final Stage: Beginning on the 1st day of the 18th year following Substantial Completion through the date the tax exemption expires, an amount equal to the greater of the Annual Service Charge or 80% of the amount of the taxes otherwise due on the assessed value of the land and Improvements.

Section 4.3 Land Tax

The Entity is required to pay both the Annual Service Charge and the Land Tax Payments. The Entity is obligated to make timely Land Tax Payments, including any tax on the pre-existing improvements, in order to be entitled to a Land Tax credit against the Annual Service Charge for the subsequent year. The Entity shall be entitled to credit for the amount, without interest, of the Land Tax Payments made in the last four preceding quarterly installments against the Annual Service Charge. In any quarter that the Entity fails to make any Land Tax Payments when due and owing, such delinquency shall render the Entity ineligible for any Land Tax Payment credit against the Annual Service Charge. No credit will be applied against the Annual Service Charge for a partial payment of Land Taxes. In addition, the City shall have, among this remedy and other remedies, the right to proceed against the property pursuant to the In Rem Tax Foreclosure Act, N.J.S.A. 54:5-1, et seq. and/or declare a Default and terminate this Agreement.

Section 4.4 Quarterly Installments / Interest

The Entity expressly agrees that the Annual Service Charge shall be made in quarterly installments on those dates when real estate tax payments are due; subject, nevertheless, to adjustment for over or underpayment within thirty (30) days after the close of each calendar year. In the event that the Entity fails to pay the Annual Service Charge or any other charge due under

this agreement, the unpaid amount shall bear the highest rate of interest permitted in the case of unpaid taxes or tax liens on the land until paid in full.

Section 4.5 Administrative Fee

The Entity shall also pay an annual Administrative Fee to the City in addition to the Annual Service Charge and Land Tax levy. The Administrative Fee shall be calculated as two (2%) percent of each prior year's Annual Service Charge. This fee shall be payable and due on or before December 31st of each year, and collected in the same manner as the Annual Service Charge.

Section 4.6 Affordable Housing Contribution and Remedies

A. **Contribution.** The Entity will pay the City the sum of \$90,570 or \$1.50 per square foot of commercial and parking space as a contribution. The sum shall be due and payable as follows:

- i. 1/3 on or before the effective adoption date of the Ordinance approving the tax exemption;
- ii. 1/3 on or before the issuance of the first of any construction permit for the Project, but no later than six months after the date of the Financial Agreement; and
- iii. 1/3 on or before the date the first of any Certificate of Occupancy is issued for the Project, but no later than twenty-four (24) months after the date of the Financial Agreement.

Section 4.7 Material Conditions

It is expressly agreed and understood that the timely payments of Land Taxes, Minimum Annual Service Charges, Annual Service Charges, including Annual Net Profits and any adjustments thereto, Administrative Fees, Affordable Housing Contributions, and any interest thereon, are Material Conditions of this Agreement.

ARTICLE V - PROJECT EMPLOYMENT AND CONTRACTING AGREEMENT

Section 5.1 Project Employment and Contracting Agreement

In order to provide City residents and businesses with certain employment and other economic related opportunities, the Entity is subject to the terms and conditions of the Project Employment and Contracting Agreement, attached hereto as Exhibit 8.

ARTICLE VI - CERTIFICATE OF OCCUPANCY

Section 6.1 Certificate of Occupancy

It is understood and agreed that it shall be the obligation of the Entity to obtain all Certificates of Occupancy in a timely manner so as to complete construction in accordance with the proposed construction schedule attached hereto as Exhibit 5. The failure to secure the Certificates of Occupancy shall subject the Property to full taxation for the period between the date of Substantial Completion and the date the Certificate of Occupancy is obtained.

Section 6.2 Filing of Certificate of Occupancy

It shall be the primary responsibility of the Entity to forthwith file with both the Tax Assessor and the Tax Collector a copy of each Certificate of Occupancy.

Failure of the Entity to file such issued Certificate of Occupancy as required by the preceding paragraph, shall not militate against any action or non-action, taken by the City, including, if appropriate retroactive billing with interest for any charges determined to be due, in the absence of such filing by the Entity.

Section 6.3 Construction Permits

The estimated construction cost disclosed by the Entity's application and proposed Financial Agreement may, at the option of the City, be used as the basis for the construction cost in the issuance of any construction permit for the Project.

ARTICLE VII - ANNUAL REPORTS

Section 7.1 Accounting System

The Entity agrees to maintain a system of accounting and internal controls established and administered in accordance with generally accepted accounting principles.

Section 7.2 Periodic Reports

A. Auditor's Report: Within ninety (90) days after the close of each fiscal or calendar year, depending on the Entity's accounting basis that the Agreement shall continue in effect, the Entity shall submit to the Mayor and Municipal Council and the NJ Division of Local Government Services in the Department of Community Affairs, its Auditor's Report for the preceding fiscal or calendar year. The Auditor's Report shall include, but not be limited to all gross revenue generated by the Project, and the terms and interest rate on any mortgage(s)

associated with the purchase or construction of the Project and such details as may relate to the financial affairs of the Entity and to its operation and performance hereunder, pursuant to the Law and this Agreement. The Auditor's Report shall include a schedule reporting the gross revenue of the hotel operator. The Report shall clearly identify and calculate the Net Profit for the Entity during the previous year, which shall include the gross revenue of the hotel operator, the excess of which shall be paid to the City each year to the extent Excess Profit is generated. The Entity shall also provide annually a separate Audited Financial Statement reporting revenue of the hotel operator.

B. Total Project Cost Audit: Within ninety (90) days after Substantial Completion of the Project, the Entity shall submit to the Mayor, Municipal Council, the Tax Collector and the City Clerk, who shall advise those municipal officials required to be advised, an audit of Total Project Cost, including but not limited to an audit of actual construction costs as certified by the Project architect.

C. Disclosure Statement: On the anniversary date of the execution of this Agreement, and each and every year thereafter while this agreement is in effect, the Entity shall submit to the Municipal Council, the Tax Collector and the City Clerk, who shall advise those municipal officials required to be advised, a Disclosure Statement listing the persons having an ownership interest in the Project, and the extent of the ownership interest of each and such additional information as the City may request from time to time. All disclosures shall include ownership interests of the individual persons owning any corporate interest in the Entity, provided however, to the extent that any owner shall be a publicly traded company or a private investment fund or trust, this Section 7.2C shall only be applicable to such owners having more than a 10% interest in the Entity.

Section 7.3 Inspection/Audit

The Entity shall permit the inspection of its property, equipment, buildings and other facilities of the Project and, if deemed appropriate or necessary, any other related Entity by representatives duly authorized by the City or the NJ Division of Local Government Services in the Department of Community Affairs. It shall also permit, upon request, examination and audit of its books, contracts, records, documents and papers. Such examination or audit shall be made

during the reasonable hours of the business day, in the presence of an officer or agent designated by the Entity for any year during which the tax exemption financial agreement was in full force and effect.

All costs incurred by the City to conduct a review of the Entity's audits, including reasonable attorneys' fees if appropriate, shall be billed to the Entity and paid to the City as part of the Entity's Annual Service Charge. Delinquent payments shall accrue interest at the same rate as for a delinquent service charge.

ARTICLE VIII- LIMITATION OF PROFITS AND RESERVES

Section 8.1 Limitation of Profits and Reserves

During the period of tax exemption as provided herein, the Entity shall be subject to a limitation of its profits pursuant to the provisions of N.J.S.A. 40A:20-15.

The Entity shall have the right to establish a reserve against vacancies, unpaid rentals, and reasonable contingencies in an amount equal to five (5%) percent of the Gross Revenue of the Entity for the last full fiscal year preceding the year and may retain such part of the Excess Net Profits as is necessary to eliminate a deficiency in that reserve, as provided in N.J.S.A. 40A:20-15. The reserve is to be non-cumulative, it being intended that no further credits thereto shall be permitted after the reserve shall have attained the allowable level of five (5%) percent of the preceding year's Gross Revenue.

Section 8.2 Annual Payment of Excess Net Profit

In the event the Net Profits of the Entity, in any year, exceeds the Allowable Net Profits for such year, then the Entity, within one hundred and twenty (120) days after the end of the year, shall pay such excess Net Profits to the City as an additional annual service charge; provided, however, that the Entity may maintain a reserve as determined pursuant to aforementioned paragraph 8.1. The calculation of the Entity's Excess Net Profits shall include those project costs directly attributable to site remediation and cleanup expenses and any other costs excluded in the definition of Total Project Cost in Section 1.2 (xx) of this Agreement even though those costs may have been deducted from the project costs for purposes of calculating the annual service charge.

Section 8.3 Payment of Reserve/ Excess Net Profit Upon Termination, Expiration or Sale

The date of termination, expiration or sale shall be considered to be the close of the fiscal year of the Entity. Within ninety (90) days after such date, the Entity shall pay to the City the amount of the reserve, if any, maintained by it pursuant to this section and the balance of the Excess Net Profit, if any.

ARTICLE IX - ASSIGNMENT AND/OR ASSUMPTION

Section 9.1 Approval of Sale

Any sale or transfer of the Project, shall be void unless approved in advance by Ordinance of the Municipal Council. It is understood and agreed that the City, on written application by the Entity, will not unreasonably withhold its consent to a sale of the Project and the transfer of this Agreement provided 1) the new Entity does not own any other Project subject to long term tax exemption at the time of transfer; 2) the new Entity is formed and eligible to operate under the Law; 3) the Entity is not then in default of this Agreement or the Law; 4) the Entity's obligations under this Agreement are fully assumed by the new Entity; 5) the Entity pays in full the maximum transfer fee, 2% of the Annual Service Charge, as permitted by N.J.S.A. 40A:20-10(d); and 6) as to projects that are not Substantially Complete, the Entity is comprised of principals possessing substantially the same or better financial qualifications and credit worthiness as the Entity.

Nothing herein shall prohibit any transfer of the ownership interest in the Entity itself provided that the transfer, if greater than 10%, is disclosed to the City in the annual disclosure statement or in correspondence sent to the City in advance of the filing of the annual disclosure statement.

Section 9.2 Transfer Application Fee

Where the consent or approval of the City is sought for approval of a change in ownership or sale or transfer of the Project, the Entity shall be required to pay to the City a new tax exemption application fee for the legal and administrative services of the City, as it relates to the review, preparation and/or submission of documents to the Municipal Council for appropriate action on the requested assignment. The fee shall be non-refundable.

ARTICLE X - COMPLIANCE

Section 10.1 Operation

During the term of this Agreement, the Project shall be maintained and operated in accordance with the provisions of the Law. Operation of Project under this Agreement shall not only be terminable as provided by N.J.S.A. 40A:20-1, et seq., as amended and supplemented, but also by a Default under this Agreement. The Entity's failure to comply with the Law shall constitute a Default under this Agreement and the City shall, among its other remedies, have the right to terminate the tax exemption.

Section 10.2 Disclosure of Lobbyist Representative

During the term of this Agreement, the Entity must comply with Executive Order 2002-005, and Ordinance 02-075, requiring Written Disclosure of Lobbyist Representative Status. The Entity's failure to comply with the Executive Order or the Ordinance shall constitute a Default under this Agreement and the City shall, among its other remedies, have the right to terminate the tax exemption.

ARTICLE XI - DEFAULT

Section 11.1 Default

Default shall be failure of the Entity to conform with the terms of this Agreement or failure of the Entity to perform any obligation imposed by the Law, beyond any applicable notice, cure or grace period.

Section 11.2 Cure Upon Default

Should the Entity be in Default, the City shall send written notice to the Entity of the Default [Default Notice]. The Default Notice shall set forth with particularity the basis of the alleged Default. The Entity shall have thirty (30) days, from receipt of the Default Notice, to cure any Default which shall be the sole and exclusive remedy available to the Entity. However, if, in the reasonable opinion of the City, the Default cannot be cured within sixty (60) days using reasonable diligence, the City will extend the time to cure.

Subsequent to such thirty (30) days, or any approved extension, the City shall have the right to terminate this Agreement in accordance with Section 12.1.

Should the Entity be in default due to a failure to pay any charges defined as Material Conditions in Section 4.7, or a sale of the Project occurs without the consent of the City, the

Entity shall not be subject to the default procedural remedies as provided herein but shall allow the City to proceed immediately to terminate the Agreement as provided in Article XII herein.

Section 11.3 Remedies Upon Default

The City shall, among its other remedies, have the right to proceed against the property pursuant to the In Rem Tax Foreclosure Act, N.J.S.A. 54:5-1, et seq. In order to secure the full and timely payment of the Annual Service Charge, the City on its own behalf, or on behalf of the Trustee, reserves the right to prosecute an In Rem Tax Foreclosure action against the Project Area in accordance with Applicable Law, as more fully set forth in this Financial Agreement.

In addition, the City may declare a Default and terminate this Agreement. Any default arising out of the Entity's failure to pay Land Taxes, the Minimum Annual Service Charge, Administrative Fees, Affordable Housing Contribution, or the Annual Service Charges shall not be subject to the default procedural remedies as provided herein, but shall allow the City to proceed immediately to terminate the Agreement as provided herein. All of the remedies provided in this Agreement to the City, and all rights and remedies granted to it by law and equity shall be cumulative and concurrent. No termination of any provision of this Agreement shall deprive the City of any of its remedies or actions against the Entity because of its failure to pay Land Taxes; the Minimum Annual Service Charge, Annual Service Charge, Affordable Housing Contribution or Administrative Fees. This right shall apply to arrearages that are due and owing at the time or which, under the terms hereof, would in the future become due as if there had been no termination. Further, the bringing of any action for Land Taxes, the Minimum Annual Service Charge, the Annual Service Charge, Affordable Housing Contribution, Administrative Fees, or for breach of covenant or the resort to any other remedy herein provided for the recovery of Land Taxes shall not be construed as a waiver of the rights to terminate the tax exemption or proceed with a tax sale or Tax Foreclosure action or any other specified remedy.

In the event of a Default on the part of the Entity to pay any charges set forth in Article IV, the City among its other remedies, reserves the right to proceed against the Entity's land and property, in the manner provided by the In Rem Foreclosure Act, and any act supplementary or amendatory thereof. Whenever the word taxes appear, or is applied, directly or impliedly to

mean taxes or municipal liens on land, such statutory provisions shall be read, as far as is pertinent to this Agreement, as if the charges were taxes or municipal liens on land.

ARTICLE XII- TERMINATION

Section 12.1 Termination Upon Default of the Entity

In the event the Entity fails to cure or remedy the Default within the time period provided in Section 11.2, the City may terminate this Agreement upon thirty (30) days written notice to the Entity [Notice of Termination].

Section 12.2 Voluntary Termination by the Entity

The Entity may notify the City that it will relinquish its status as a tax exempt Project, after the expiration of one year from the Substantial Completion of the Project , as of the January 1st of the year next ensuing. The Notice of Voluntary Termination must be received by the City no later than October 1st of the tax year preceding the calendar year in which the termination is to occur. As of the date so set, the tax exemption, the Annual Service Charges and the profit and dividend restrictions shall terminate. However, under no circumstances will the Entity be entitled to any refund, in whole or in part, of any funds paid to the City to obtain the tax exemption, including but not limited to the Affordable Housing Contribution. In addition, the due date for all Affordable Housing Contribution and any other fees that the Entity agreed to pay under this Agreement, shall be accelerated so that all fees to be paid shall be due on January 1st as a condition precedent of the voluntary termination.

Section 12.3 Final Accounting

Within ninety (90) days after the date of termination, whether by affirmative action of the Entity or by virtue of the provisions of the Law or pursuant to the terms of this Agreement, the Entity shall provide a final accounting and pay to the City the reserve, if any, pursuant to the provisions of N.J.S.A. 40A:20-13 and 15 as well as any remaining excess Net Profits. For purposes of rendering a final accounting the termination of the Agreement shall be deemed to be the end of the fiscal year for the Entity.

Section 12.4 Conventional Taxes

Upon Termination or expiration of this Agreement, the tax exemption for the Project shall expire and the land and the Improvements thereon shall thereafter be assessed and

conventionally taxed according to the general law applicable to other nonexempt taxable property in the City.

ARTICLE XIII - DISPUTE RESOLUTION

Section 13.1 Arbitration

In the event of a breach of the within Agreement by either of the parties hereto or a dispute arising between the parties in reference to the terms and provisions as set forth herein, either party may apply to the Superior Court of New Jersey by an appropriate proceeding, to settle and resolve the dispute in such fashion as will tend to accomplish the purposes of the Law. In the event the Superior Court shall not entertain jurisdiction, then the parties shall submit the dispute to the American Arbitration Association in New Jersey to be determined in accordance with its rules and regulations in such a fashion to accomplish the purpose of the Long Term Tax Exemption Law. The cost for the arbitration shall be borne by the Entity. The parties agree that the Entity may not file an action in Superior Court or with the Arbitration Association unless the Entity has first paid in full all charges defined in Section 4.7 as Material Conditions.

Section 13.2 Appeal of Assessment

In calculating the amount of the Staged Adjustments that is, taxes otherwise due, pursuant to Section 4.2 and N.J.S.A. 40A:20-12, either party may file an appeal of the conventional assessment to determine the value of land and improvements.

ARTICLE XIV - WAIVER

Section 14.1 Waiver

Nothing contained in this Financial Agreement or otherwise shall constitute a waiver or relinquishment by the City of any rights and remedies, including, without limitation, the right to terminate the Agreement and tax exemption for violation of any of the conditions provided herein. Nothing herein shall be deemed to limit the City's right to audit or recover any amount which the City has under law, in equity, or under any provision of this Agreement.

ARTICLE XV - INDEMNIFICATION

Section 15.1 Defined

It is understood and agreed that in the event the City shall be named as party defendant in any action by a third party alleging any breach, default or a violation of any of the provisions of

this Agreement and/or the provisions of N.J.S.A. 40A:20-1 et seq., the Entity shall indemnify and hold the City harmless against any and all liability, loss, cost, expense (including reasonable attorneys' fees and costs), arising out of this Agreement. In addition, the Entity expressly waives all statutory or common law defenses or legal principles which would defeat the purposes of this indemnification. The Entity also agrees to defend the suit at its own expense. However, the City maintains the right to intervene as a party thereto, to which intervention the Entity consents; the expense thereof to be borne by the City.

ARTICLE XVI- NOTICE

Section 16.1 Certified Mail

Any notice required hereunder to be sent by either party to the other shall be sent by certified or registered mail, return receipt requested.

Section 16.2 Sent by City

When sent by the City to the Entity the notice shall be addressed to:

SL Hospitality Urban Renewal, LLC
211 Blue Heron Drive
Secaucus, NJ 07094
Attn:

unless prior to giving of notice the Entity shall have notified the City in writing otherwise.

In addition, provided the City is sent a formal written notice in accordance with this Agreement, of the name and address of Entity's Mortgagee, the City agrees to provide such Mortgagee with a copy of any notice required to be sent to the Entity.

Section 16.3 Sent by Entity

When sent by the Entity to the City, it shall be addressed to:

City of Jersey City, Office of the City Clerk
City Hall
280 Grove Street
Jersey City, New Jersey 07302,

with copies sent to the Corporation Counsel, the Business Administrator, and the Tax Collector unless prior to the giving of notice, the City shall have notified the Entity otherwise. The notice to the City shall identify the Project to which it relates, (i.e., the Urban Renewal Entity and the

Property's Block and Lot number).

ARTICLE XVII-SEVERABILITY

Section 17.1 Severability

If any term, covenant or condition of this Agreement or the Application, except a Material Condition, shall be judicially declared to be invalid or unenforceable, the remainder of this Agreement or the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term, covenant or condition of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

If a Material Condition shall be judicially declared to be invalid or unenforceable and provided the Entity is not in Default of this Agreement, the parties shall cooperate with each other to take the actions reasonably required to restore the Agreement in a manner contemplated by the parties and the Law. This shall include, but not be limited to the authorization and re-execution of this Agreement in a form reasonably drafted to effectuate the original intent of the parties and the Law. However, the City shall not be required to restore the Agreement if it would modify a Material Condition, the amount of the periodic adjustments or any other term of this Agreement which would result in any economic reduction or loss to the City.

ARTICLE XVIII - MISCELLANEOUS

Section 18.1 Construction

This Agreement shall be construed and enforced in accordance with the laws of the State of New Jersey, and without regard to or aid of any presumption or other rule requiring construction against the party drawing or causing this Agreement to be drawn since counsel for both the Entity and the City have combined in their review and approval of same.

Section 18.2 Conflicts

The parties agree that in the event of a conflict between the Application and the language contained in the Agreement, the Agreement shall govern and prevail. In the event of conflict between the Agreement and the Law, the Law shall govern and prevail.

Section 18.3 Oral Representations

There have been no oral representations made by either of the parties hereto which are

not contained in this Agreement. This Agreement, the Ordinance authorizing the Agreement, and the Application constitute the entire Agreement between the parties and there shall be no modifications thereto other than by a written instrument approved and executed by both parties and delivered to each party.

Section 18.4 Entire Document

This Agreement and all conditions in the Ordinance of the Municipal Council approving this Agreement are incorporated in this Agreement and made a part hereof.

Section 18.5 Good Faith

In their dealings with each other, utmost good faith is required from the Entity and the City.

Section 18.6 Pending Litigation

The Entity fully and freely holds the City harmless and assumes any risk that may effect the present or future validity of the within financial agreement, arising from any other litigation.

ARTICLE XIX - EXHIBITS

Section 19 Exhibits

The following Exhibits are attached hereto and incorporated herein as if set forth at length herein:

1. Metes and Bounds description of the Project;
2. Ordinance of the City authorizing the execution of this Agreement;
3. The Application with Exhibits;
4. Certificate of the Entity;
5. Estimated Construction Schedule;
6. The Financial Plan for the undertaking of the Project;
7. Good Faith Estimate of Initial Rents;
8. Project Employment and Contracting Agreement;
9. Architect's Certification of Actual Construction Costs.
10. Entity's Deed.

IN WITNESS WHEREOF, the parties have caused these presents to be executed the day and year first above written.

WITNESS:

**SL HOSPITALITY
URBAN RENEWAL, LLC**

ATTEST:

CITY OF JERSEY CITY

**ROBERT BYRNE
CITY CLERK**

**ROBERT J. KAKOLESKI
BUSINESS ADMINISTRATOR**

PROJECT EMPLOYMENT & CONTRACTING AGREEMENT

This Project Employment & Contracting Agreement is made as of the ___ day of _____, 2015, between the **CITY OF JERSEY CITY** [City] having its principal office at 280 Grove Street, Jersey City, NJ 07302, and **SL HOSPITALITY URBAN RENEWAL, LLC** [Recipient], having its principal office at 211 Blue Heron Drive, Secaucus, NJ 07094.

I. Definitions:

The following words and terms, when used in this agreement, shall have the following meanings unless the context clearly indicates otherwise.

1. "City" means the Business Administrator of the City of Jersey City, or his designee, including any person or entity which enters into an agreement with the City to implement, in whole or in part, this agreement.
2. "Contractor" means any party performing or offering to perform a prime contract on behalf of the Recipient.
3. Construction Contract means any agreement for the erection, repair, alteration or demolition of any building, structure, bridge, roadway or other improvement on a Project Site.
4. "DEO" means the Division of Economic Opportunity under the Department of Administration, located at 280 Grove Street. DEO is in charge of Project Employment & Contracting coordination and monitoring on projects receiving abatements.
5. "Economic Incentive" means a tax abatement or tax exemption for a property or project which requires approval of the Municipal Council.
6. "Employment" includes positions created as a result of internal promotions, terminations, or expansions within the Recipient's work force which are to be filled by new employees. However, positions filled through promotion from within the Recipient's existing work force are not covered positions under this agreement.
7. Jersey City Employment and Training Corporation or "JCEPT" means the non-profit quasi public Entity with whom the City has an operating agreement to undertake certain employment services.
8. "Local Business" means a bona fide business located in Jersey City.
9. "Minority" means a person who is defined as such under federal or state law.

10. "Minority or Woman Owned Local Business" means a bona fide business located in Jersey City which is fifty-one (51%) percent or more owned and controlled by either a Minority or woman.
11. "Non-Traditional Jobs" means jobs which are held by less than twenty (20%) percent women, as reported by the New Jersey Department of Labor and Workforce Development, Division of Labor Market, and Demographic Research for Jersey City, which report shall be on file with the City Clerk.
12. "Permanent Jobs" mean newly created long term salaried positions, whether permanent, temporary, part time or seasonal.
13. "Project or Project Site" means the specific work location or locations specified in the contract.
14. The "Project Employment & Contracting Coordinator" or "Coordinator" is the employee in the Department of Administration presently, the Executive Director of the Jersey City Employment & Training Program, Inc., who is in charge of coordinating Project Employment & Contracting projects. Contractors and developers engaged in projects covered by Project Employment & Contracting Agreements will direct inquiries to the Coordinator. The Coordinator may refer a developer to the JCEPT or its one-stop career center so long as the City and JCEPT agreement is in full force and effect.
15. The "Project Employment & Contracting Monitor" or "Monitor" is the employee in the Department of Administration who is in charge of monitoring the site, collecting the reports and documentation, and other day-to-day Project Employment & Contracting administration as stipulated by this agreement.
16. The "Project Employment & Contracting Officer" or "Officer" is an employee of the Recipient who is designated by the Recipient to make sure the Recipient is in compliance with the Recipient's Project Employment & Contracting agreement.
17. "Recipient" means any individual, partnership, association, organization, corporation or other entity, whether public or private, or for profit or non-profit, or agent thereof, which receives an Economic Incentive and shall include any Contractor, Subcontractor or agent of the Recipient.
18. "The Registry" or "Jersey City Employment Registry" means a data base maintained by the City or its designee, of Jersey City residents seeking employment and Local Businesses, including Minority or Woman Owned Local Businesses, seeking contracts.
19. "Subcontract" means a binding legal relationship involving performance of a contract that is part of a prime contract.
20. "Subcontractor" means a third party that is engaged by the prime Contractor to perform under a subcontract all or part of the work included in an original contract.

21. "Substantial Completion" means the determination by the City that the Project, in whole or in part, is ready for the use intended, which ordinarily shall mean the date on which the Project receives, or is eligible to receive any Certificate of Occupancy for any portion of the Project.

II. Purpose: Construction Jobs, Business Contracting, Permanent Jobs

The City wishes to assure continuing employment opportunities for City residents, particularly residents who are Minorities, and business opportunities for Local Businesses, especially Minority and Women Owned Local Businesses, with employers located in or relocating to the City who are the Recipients of Economic Incentives. The City has determined to accomplish that goal by requiring the Recipient of an Economic Incentive to act in Good Faith, as defined herein, and discharge its obligations under this Agreement. To the extent mandated by State and Federal law and so long as the Entity discharges its Good Faith obligations under this agreement, the City acknowledges that the Recipient and its contractors are free to hire whomever they choose.

Because this project is not subject to the terms of a Project Labor Agreement during construction, this agreement shall apply to all Construction Jobs, Business Contracts and non-construction Permanent Jobs. Recipients are also required to notify any commercial tenants of employment services available from the City.

III. Recipient Designee:

The Recipient shall designate a principal officer of its firm to be responsible for administering the agreement detailed herein and to report to and confer with the City in order to discharge its Good Faith obligations as defined in this agreement. This officer should be designated as the Project Employment & Contracting Officer.

The Recipient shall send a letter designating its "Project Employment & Contracting Compliance Officer" to the Project Employment & Contracting Coordinator prior to any preconstruction meetings. An example of this letter can be found in Appendix 1. This Officer should also be present for all preconstruction meetings.

The Recipient should send a letter regarding the "Project Employment & Contracting Compliance Officer" to the employees of the Recipient's company. An example of this letter can be found in Appendix 2.

IV. Term:

This agreement shall be in effect for a period co-terminus with the effective period of the tax exemption [the Economic Incentive]. Thus, it will commence on the date the City Council adopted Ordinance _____, approving the tax exemption and terminate the earlier of 25 years from the date of the adoption of that Ordinance or 20 years from the date of Substantial Completion of the Project.

V. Good Faith Goals:

In the event the Recipient is able to demonstrate that its work force already meets the goals set forth below or is able to meet such goals during the term of this agreement, the Recipient shall only be required to submit the periodic certified manning and certified payroll reports described below to confirm ongoing compliance. All other Recipients must comply with the following Good Faith goals.

1. **Employment (Construction and Permanent Jobs):** The Recipient shall make a Good Faith effort to achieve the goal of a work force representing fifty-one (51%) percent City residents, fifty-one (51%) percent of whom are residents who are Minorities and, in Non-Traditional Jobs, six point nine (6.9%) percent of whom are residents who are women, it being understood that one employee may satisfy more than one category.
2. **Business Contracting:** The Recipient shall make a Good Faith effort to achieve the goal of awarding twenty (20%) percent of the dollar amount of its contracts to Local Businesses, fifty-one (51%) percent of which shall be Minority or Women Owned Local Businesses. If fifty-one (51%) percent of Minority or Women Owned Local Businesses cannot be obtained, that percentage of contracts must still be applied to local vendors.

VI. Good Faith Defined. Construction Jobs:

1. **Construction Jobs:** Good Faith shall mean compliance with all of the following conditions:

A. Initial Manning Report:

- i) Prior to the commencement of their work on the Project, each Contractor /Subcontractor shall prepare an Initial Manning Report.
- ii) The Initial Manning Report should contain an estimate of the total hours in each construction trade or craft and the number of hours to be worked by City residents, including a list of the number of minority residents and women residents that will work in each trade or craft, including the work hours to be performed by such employees of any and all Contractors and Subcontractors. Attached hereto as Appendix B is the Recipient's Initial Manning Report.
- iii) The Initial Manning Report shall be filed with the Project Employment and Contracting Monitor, who must accept said Report prior to the Recipient entering into any construction contract. An example of this acceptance letter is given in Appendix C.

B. Developer's Contracting Obligations

- i) Once the developer submits the project's initial manning report, he/she must forward a letter with requests for quotation or bid to Mayor Steven M. Fulop's Business Cooperative Program for local and minority vendors for any

construction or building operating goods, services and sub-contracting opportunities. An example of this letter is given in Appendix D.

- ii) The developer shall make a good faith effort to contact those businesses and individuals who submit bids. This effort must be documented by letter, which will be sent to Mayor Steven M. Fulop's Business Cooperative Program at DEO under the Department of Administration. An example of this letter can be found in Appendix D2.

C. Contractor's/Subcontractor's Compliance Statement

Prior to commencement of their work on the Project, each Contractor or Subcontractor must agree in writing to comply with this agreement and the employment goals elaborated herein. An example of this Compliance Statement can be found in Appendix E.

D. Union Statement of Using Its Best Efforts

- i) Prior to commencement of their work on the Project, the contractor/subcontractor must submit a statement expressing its adherence to the Project Employment & Contracting Agreement to each union with which he/she has a collective bargaining agreement covering workers to be employed on the project.
- ii) The Compliance Statement shall include a union statement for the particular union to sign, which claims the union will use its best efforts to comply with the employment goals articulated in the Project Employment & Contracting agreement. This compliance statement is detailed in Appendix F. A copy of the signed compliance statement must be sent to the Project Employment & Contracting Monitor in DEO under the Department of Administration before work starts in order for a developer to be in compliance.
- iii) The Recipient will require the Contractor or Subcontractor to promptly notify the City of any refusal or failure of a union to sign the statement. If a particular union refuses to sign a statement, the Recipient will document its efforts to obtain such statement and the reasons given by the union for not signing such statement, and submit such documentation to the Project Employment & Contracting Monitor in DEO under the Department of Administration.

E. Sub-Contractors

The developer shall require that each prime contractor be responsible for the compliance of his/her subcontractors with the aforementioned Project Employment & Contracting requirements during the performance of the contract. Whenever the contractor sub-contracts a portion of the work on the project, the contractor shall bind the subcontractor to the obligations contained in these supplemental conditions to the full extent as if he/she were the contractor.

F. Union Apprentices

The contractor is responsible for assuring that resident and minority apprentices account for at least fifty (50%) percent of the total hours worked by union apprentices on the job in each trade listed in which apprentices are employed, according to the apprentice-to-journey-worker ratio contained in the collective bargaining agreement between the various unions, and shall hold each of his/her subcontractors to this requirement. The Recipient will require the contractor or subcontractor to promptly notify the City of any refusal of a union to utilize resident and minority apprentices.

G. Monthly Manning Report

- i) The Recipient will cause the Contractor to complete and submit Monthly Project Manning Reports to the Project Employment & Contracting Monitor in DEO under the Department of Administration by the seventh day of the month following the month during which the work is performed, for the duration of the contract.
- ii) The report will accurately reflect the total hours in each construction trade or craft and the number of hours worked by City residents, including a list of the number of minority resident and women resident workers in each trade or craft, and will list separately the work hours performed by such employees of the Contractor and each of its Subcontractors during the previous month. The Monthly Manning Report shall be in the form attached hereto as Appendix G.
- iii) The Recipient is responsible for maintaining or causing the Contractor to maintain records supporting the reported work hours of its Contractors or Subcontractors.

H. Monthly Certified Payroll Report

- i) The Recipient will cause the Contractor to furnish the Project Employment & Contracting Monitor with copies of its weekly Certified Payroll reports. The reports will specify the residence, gender and ethnic/racial origin of each worker, work hours and rate of pay and benefits provided. The Certified Payroll report shall be in the form attached hereto as Appendix H.
- ii) Payroll reports must be submitted on a monthly basis with the Monthly Manning Report or the Recipient is no longer in compliance.

I. Equal Employment Opportunity Reports

Prior to commencement of work on the Project, the Recipient will request copies of the most recent Local Union Report (EEO-3) and Apprenticeship Information Report (EEO-2) which are required to be filed with the US Commission of Equal Employment Opportunity Commission by the collective bargaining unit. These reports will be forwarded to the Project Employment & Contracting Monitor within one month of the signing of the Project Employment & Contracting Agreement.

J. Other Reports

In addition to the above reports, the Recipient shall furnish such reports or other documents to the City as the City may request from time to time in order to carry out the purposes of this agreement.

K. Records Access

The Recipient will insure that the City will have reasonable access to all records and files reasonably necessary to confirm the accuracy of the information provided in the reports.

L. Work Site Access For Monitor

- i) The City will physically monitor the work sites subject to this agreement to verify the accuracy of the monthly reports. Each work site will be physically monitored approximately once every two weeks, and more frequently if it is deemed reasonably necessary by the City. The City's findings shall be recorded in a "Site Visit Report." An example of a bi-weekly site visit report can be found in Appendix I.
- ii) The Recipient shall require the Contractor and Sub-contractor to cooperate with the City's site monitoring activities and inform the City as to the dates they are working at the Project site. This includes specifically instructing the on-site construction manager about the monitoring process, and informing him/her that the monitor will contact him/her to set up an initial meeting. In the case of projects with multiple locations, the Recipient shall inform the City of the dates they are working at each site location(s) where they are working, in order to facilitate the monitoring.

VII. Good Faith Defined. Permanent Jobs:

1. **Permanent Jobs:** Good Faith shall mean compliance with all of the following conditions:

- A. Pre-hiring Job Awareness: At least eight (8) months prior to the hiring of a Recipient's permanent workforce, the Project Employment & Contracting officer for the Recipient will meet with the Coordinator, including the director of JCETP to discuss how the Recipient plans to hire its permanent workforce. The following issues should be covered in this meeting:
 - i) whether subcontractors will be used in the hiring process.
 - ii) the specific types of jobs that need to be filled.
 - iii) the qualifications needed for these particular jobs.
 - iv) possible training programs offered by the permanent employer.
 - v) the Recipient's goals and how it plans to meet these goals.
 - vi) any other issues which need to be addressed.

- B. Subcontractor Notification -- If the Recipient decides to subcontract any portion or all of its permanent workforce, then the Recipient must receive a signed acknowledgment from the subcontracting party that it will abide by the Project Employment & Contracting Agreement before said subcontractor begins staffing permanent employees. The Recipient must forward a copy of the signed acknowledgment to the Project Employment & Contracting Monitor. An example of this signed acknowledgment can be found in Appendix 3.
- C. Subcontractor Pre-Hiring Job Awareness Meeting -- Each subcontractor hired to staff permanent job positions must appoint a Project Employment & Contracting Officer to meet with the head of the Registry to discuss the same issues presented above in VI 1.A.(i)-(vi) and notify the City.
- D. Subcontractors of Subcontractors--Subcontractors of subcontractors are subject to the same requirements for the initial subcontractors.
- E. Documentation of Hiring Plan--Once the Pre-Hiring Job Awareness Meeting has taken place, the Recipient must put together a document with goals and totals for future permanent employment needs. This plan should summarize all that was discussed in the Pre-Hiring Awareness Meeting, list estimates for manpower needs, set residential and minority employment goals commensurate with the Project Employment & Contracting Agreement, and show how the Recipient plans to meet these goals. An example of this plan is found in Appendix 4.
- F. Pre-Hiring Notification: At least ten (10) working days prior to advertising for any employees, the Recipient or the Recipient's subcontractor shall provide the DEO and the JCEPT with a written notice, which shall state the job title, job description and minimum qualifications, rate of pay, hours of work and the hiring date for each position to be filled, in qualitative and objective terms which will enable the referral of qualified applicants to the Recipient.
- G. Advertisement: At the request of the City, or because the City does not have qualified applicants to refer to the Recipient, the Recipient will place an advertisement for the jobs in a newspaper which is regularly published in Jersey City. The Recipient must furnish the DEO with a copy of this advertisement.
- H. Pre-Hiring Interview: The Recipient shall interview any qualified applicants referred to it pursuant to the agreement. In the event advertisement is required, the Recipient agrees to interview any qualified persons responding to the advertisement.
- I. Monthly Employment Reports: The Recipient will submit written employment reports to the Project Employment & Contracting Monitor in the form to be provided by the City. The report will be submitted on the 1st day of every month. It will describe each job and state whether the job was filled or held by a City resident, minority resident or woman resident and date of hire. The report will explain in writing the reasons why any qualified referred applicant (or in the event advertisement is required, any qualified person responding to the advertisement) was not hired and the reason therefore. The form of this

report shall be in substantially the form found in Appendix 5, subject to such revision as the City deems appropriate and reasonable. Monthly reports may be extended to semi-annually reports once the initial workforce is hired.

- J. Record Access: The Recipient shall provide the City with reasonable access to all files and records including payroll and personnel information reasonably necessary to confirm the accuracy of the information set forth in the semi-annual reports.
- K. Work Place Access: The Recipient shall provide the City with reasonable access to the site to physically monitor the work site to verify the accuracy of the information set forth in the any reports.
- L. Other Reports, Documents: In addition to the above reports, the Recipient shall furnish such reports or other documents that the City may request from time to time in order to implement the purposes of this agreement.
- M. Incorporation of Agreement: The Recipient shall incorporate the provisions of this Agreement in all contracts, agreements and purchase orders for labor with any service, maintenance, security or management agent or Contractor engaged by the Recipient whose personnel will be assigned to the Recipient project.

VIII. Good Faith Defined. Business Contracts

- A. Good Faith shall mean compliance with all of the following conditions:
 - i) Solicitation of Businesses:
 - a) One month before the solicitation for any goods or services, the Recipient must forward a letter with a description of the goods or services to the Project Employment and Contracting Coordinator;
 - b) The Recipient shall provide the City with a written Purchasing Report every month. The form of this report shall be in substantially the form found in Appendix 6.
 - c) Pre-Hiring Notification: At least ten (10) working days prior to advertising for any employees, the Recipient or the Recipient's subcontractor shall provide the DEO and the JCEPT with a written notice, which shall state the job title, job description and minimum qualifications, rate of pay, hours of work and the hiring date for each position to be filled, in qualitative and objective terms which will enable the referral of qualified applicants to the Recipient.
 - d) Advertisement: At the request of the City, or because the City does not have qualified applicants to refer to the Recipient, the Recipient will place an advertisement for the jobs in a newspaper which is regularly published in Jersey City. The Recipient must furnish the DEO with a copy of this advertisement.

- e) Pre-Hiring Interview: The Recipient shall interview any qualified applicants referred to it pursuant to the agreement. In the event advertisement is required, the Recipient agrees to interview any qualified persons responding to the advertisement.
- f) Monthly Employment Reports: The Recipient will submit written employment reports to the Project Employment & Contracting Monitor in the form to be provided by the City. The report will be submitted on the 1st day of every month. It will describe each job and state whether the job was filled or held by a City resident, minority resident or woman resident and date of hire. The report will explain in writing the reasons why any qualified referred applicant (or in the event advertisement is required, any qualified person responding to the advertisement) was not hired and the reason therefore. The form of this report shall be in substantially the form found in Appendix 5, subject to such revision as the City deems appropriate and reasonable. Monthly reports may be extended to semi-annually reports once the initial workforce is hired.
- g) Record Access: The Recipient shall provide the City with reasonable access to all files and records including payroll and personnel information reasonably necessary to confirm the accuracy of the information set forth in the semi-annual reports.
- h) Work Place Access: The Recipient shall provide the City with reasonable access to the site to physically monitor the work site to verify the accuracy of the information set forth in the any reports.
- i) Other Reports, Documents: In addition to the above reports, the Recipient shall furnish such reports or other documents that the City may request from time to time in order to implement the purposes of this agreement.
- j) Incorporation of Agreement: The Recipient shall incorporate the provisions of this Agreement in all contracts, agreements and purchase orders for labor with any service, maintenance, security or management agent or Contractor engaged by the Recipient whose personnel will be assigned to the Recipient project.

- B. The Recipient pledges not to use local and local minority vendors solely as conduits for vendors that are not local and minority owned. Any discovery by Project Employment and Contracting Monitor of a Recipient, using the masthead of a local or minority owned business as a way to get credit for local or minority employment when it should not, will immediately subject the Recipient to the penalties listed in Section VIII (d) below.

IX. Good Faith Defined. Commercial Tenants at the Project Site

Good Faith shall mean compliance with all of the following conditions:

- A. The Recipient shall send all tenants of commercial space, including retail space, within the Project Site a Tenant Employment Services Guide in the form attached as Appendix 7.
- B. The Recipient shall require tenants of commercial, including any retail space to complete an annual questionnaire concerning the composition of the work force of each tenant. The completed questionnaire be submitted to the Project Employment & Contracting Monitor. The questionnaire shall be in the form attached as Appendix 8.
- C. The Recipient will send the results of its solicitation to the Project Employment & Contracting Monitor no later than December 1st of each year.

X. Notices of Violation:

- 1. Advisory Notice: The City will issue a written Advisory Notice to the Recipient if there is non-compliance with a Good Faith requirement as defined in this agreement. The Advisory Notice shall explain in sufficient detail the basis of the alleged violation. The Recipient shall have 7 days to correct the violation.
- 2. Violation Notice: If the alleged violation set forth in the Advisory Notice has not been corrected to the satisfaction of the City the City shall issue a Violation Notice to the Recipient. The Violation Notice shall explain in sufficient detail the basis of the alleged, continuing violation. The Recipient will have three (3) working days to correct the violation.
- 3. Correcting the Violation: Either or both the Advisory Notice or the Violation Notice may be considered corrected if the Recipient satisfies the requirements of this agreement and so advises the City in writing, subject to confirmation by the City.
- 4. Extension of Time to Correction: Either the Advisory Notice or the Violation Notice may be held in abeyance and the time for correction extended if the Recipient enters into satisfactory written agreement with the City for corrective action which is designed to achieve compliance. If Recipient fails to abide by the terms of such agreement the violation will be considered not corrected.

If the City determines that the Recipient is in violation after the expiration of the cure periods, the Recipient agrees that the City shall be entitled to the liquidated damages provided below.

XI. Liquidated Damages:

- 1. While reserving any other remedies the City may have at law or equity for a material breach of the above terms and conditions, the parties agree that damages for violations of this agreement by the Recipient cannot be calculated within any reasonable degree of mathematical certainty. Therefore, the parties agree that upon the occurrence of a material breach of any of the above terms and conditions and after notice and expiration

of any cure period, the City will be entitled to liquidated damages from the Recipient in the following amounts:

- A. Failure to file Initial Manning Report (Construction Jobs) or Pre-Hiring Notification (Permanent Jobs) or Pre-Contracting Notification (Business Contracts): an amount equal to Five percent (5%) increase in the estimated annual service charge as set forth in the Financial Agreement for each quarter or part thereof that the Recipient is non compliant.
- B. Failure to conduct Pre-hiring Interviews or submit Compliance Statement (Submit description of goods or services, (Business Contracting): an amount equal to Three (3%) percent of the estimated annual service charge as set forth in the Financial Agreement for each quarter or part thereof that the Recipient is non compliant.
- B. Failure to allow record or work place access or submit any other required reports (all categories): an amount equal to Three (3%) percent increase service charge as set forth in the Financial Agreement for each quarter or part thereof that the Recipient is non compliant.
- C. The use of the local or local minority business' masthead for labor or work supplied by a non local or local minority vendor: An amount equal to Ten (10%) service charge as set forth in the Financial Agreement for each quarter or part thereof, the Recipient is non compliant.

XII. Notices

Any notice required hereunder to be sent by either party to the other, shall be sent by certified mail, return receipt requested, addressed as follows:

1. When sent by the City to the Recipient it shall be addressed to:

SL Hospitality Urban Renewal, LLC
211 Blue Heron Drive
Secaucus, NJ 07094
Att:

and

2. When sent by the Recipient to the City, it shall be addressed to:

City of Jersey City
Department of Administration
Division of Economic Opportunity
Project Employment & Contracting Monitor
280 Grove Street
Jersey City, New Jersey 07302
Att: Division Director

and

Director of Jersey City Employment and Training Program, Inc
895 Bergen Avenue—2nd Floor
Jersey City, NJ 07306
Att: Executive Director

with separate copies to the Mayor and the Business Administrator.

XIII. Appendix

These forms are examples only and shall be in substantially the form on file in the Division of Economic Opportunity, subject to modifications from time to time by the City as necessary or appropriate.

1. Letter designating Recipient's Project Employment & Contracting Officer
2. Letter from Recipient to Employees of Recipient's Company
3. Acknowledgment of PECA compliance of Subcontractor
4. Example of Hiring Plan
5. Example of Monthly Employment Report
6. Example of Monthly Purchasing Report
7. Tenant Employment Services Guide
8. Commercial Retail Annual Questionnaire

XIV. Adoption, Approval, Modification:

This agreement shall take effect on the date that the Economic Incentive is approved by the Municipal Council.

XII. Controlling Regulations and Laws:

To the extent required by State and Federal Law and so long as the Entity discharges its Good Faith obligations under this agreement, the City agrees and acknowledges that the Recipient and its contractors are free to hire whomever they choose. If this agreement conflicts with any collective bargaining agreement, the City agrees to defer to such agreements so long as the Recipient provides the City with a copy of the offending provision in the collective bargaining agreement.

In the event there are any conflicts between this Agreement and any Project Labor Agreement, then as it pertains to construction jobs covered by the PLA, the Project Labor Agreement shall govern. Wherever possible, this Agreement shall be interpreted consistently with the Project Labor Agreement.

ATTEST:

CITY OF JERSEY CITY

Robert Byrne
City Clerk

Robert J. Kakoleski
Business Administrator

WITNESS:

SL HOSPITALITY
URBAN RENEWAL, LLC

Secretary

President

City Clerk File No. Ord. 15.078

Agenda No. 3.D 1st Reading

Agenda No. _____ 2nd Reading & Final Passage



ORDINANCE OF JERSEY CITY, N.J.

COUNCIL AS A WHOLE
offered and moved adoption of the following ordinance:

CITY ORDINANCE 15.078

TITLE:

ORDINANCE SUPPLEMENTING CHAPTER A351 (EXECUTIVE ORDERS AND ORDINANCES) OF THE JERSEY CITY CODE TO CREATE A NEW CLASSIFIED POSITION FOR ENVIRONMENTAL HEALTH COORDINATOR

THE MUNICIPAL COUNCIL OF THE CITY OF JERSEY CITY DOES ORDAIN:

A. The following supplements to Chapter A351 (Executive Orders and Ordinances) of the Jersey City Code are adopted:

Labor Grade

Title

*

Environmental Health Coordinator

B. All ordinances and parts of ordinances inconsistent herewith are hereby repealed.

C. This ordinance shall be a part of the Jersey City Code as though codified and fully set forth therein. The City shall have this ordinance codified and incorporated in the official copies of the Jersey City Code.

D. This ordinance shall take effect at the time and in the manner as provided by law.

E. The City Clerk and the Corporation Counsel be and they are hereby authorized and directed to change any chapter numbers, article numbers and section numbers in the event that the codification of this ordinance reveals that there is a conflict between those numbers and the existing code, in order to avoid confusion and possible accidental repealers of existing provisions.

NOTE: All new material is underlined; words in [brackets] are omitted.
For purposes of advertising only, new matter is indicated by **boldface** and repealed matter by *italic*.

**Pursuant to N.J.S.A. 40:69A-43a.*

JF/he
5/13/15

APPROVED AS TO LEGAL FORM

APPROVED: _____

Corporation Counsel

APPROVED: _____
Business Administrator

Certification Required ☐

Not Required ☐

Ordinance/Resolution Fact Sheet

This summary sheet is to be attached to the front of any ordinance, resolution, cooperation agreement, or contract that is submitted for Council consideration. Incomplete or sketch summary sheets will be returned with the resolution or ordinance. The Department, Division, or Agency responsible for the overall implementation of the proposed project or program should provide a concise and accurate state of facts.

Full Title of Ordinance/Resolution/Cooperation Agreement:

Environmental Health Coordinator

Name & Title of Person Initiating Ordinance/Resolution, Etc.:

Nancy Ramos, Human Resources Director

Concise Description of the Program, Project, or Plan Proposed in the Ordinance:

Reasons for the Proposed Program, Project, Etc.:

Happy J. Boor

Anticipated Benefits to the Community:

Cost of Program, Project, Etc.:(Indicate the dollar amount of City, State, Federal funds to be used as well as match and in-kind contributions.)

Date Proposed Program or Project will Commence: _____

Anticipated Completion Date: _____

Person Responsible for Coordinating Proposed Program, Project Etc.: _____

Additional Comments:

Union Affiliation - Management

I Certify That All Facts Present Herein Are Accurate.

5/4/15

Date

Nancy Ramos

Department Director

Date Submitted to Law Department 5/4/15



STEVEN M. FULOP
MAYOR OF JERSEY CITY

**CITY OF JERSEY CITY
OFFICE OF THE MAYOR**

CITY HALL | 280 GROVE STREET | JERSEY CITY, NJ 07302
P: 201 547 5500 | F: 201 547 5442



STEVEN M. FULOP
MAYOR OF JERSEY CITY

E.O. _____

_____, 2015

**EXECUTIVE ORDER OF THE MAYOR
OF THE
CITY OF JERSEY CITY**

CLASSIFIED POSITIONS FOR CITY EMPLOYEES

Pursuant to the Faulkner Act, N.J.S.A. 40:69A-48, as amended by L.1985, c.374, the Mayor is now authorized to set the salaries, wages or other compensation of all employees of administrative departments except department directors and employees whose salaries are required to be set by ordinance.

Pursuant to this authorization, I issue the following Executive Order establishing guidelines for salaries and wages of those employees whose salaries are set by the Mayor:

Labor Grade

Title

45

Environmental Health Coordinator

This order shall take effect immediately.

Very truly yours,

STEVEN M. FULOP, MAYOR

SMF/he

cc: Robert J. Kakoleski, Business Administrator
Jeremy Farrell, Corporation Counsel
Robert Byrne, City Clerk
Donna Mauer, Chief Financial Officer
Nancy Ramos, Personnel Director

New Title

Title: Environmental Health Coordinator

Department: Health & Human Services

Division: Health

Labor Grade: 45

Min. \$34,500

Max. \$88,075

Union: Management

Happy J. Bore

290 Neptune Avenue

Jersey City, NJ 07305

SALARY: \$78,498